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WORLD NEWS

Honecker charged with corruption

East Germany's state prosecutor yesterday charged Erich Honecker, the country's deposed leader, and several of his former colleagues with corruption as the shattered Communist Party gathered to try to preserve unity.

Amid an unprecedented power vacuum, Communist delegates were meeting in East Berlin to decide whether to dissolve the party or regroup under a new name. Page 24; Bulgarian purges, Page 2

Maid wins damages

Indian housemaid Laxmi Swami, kept prisoner and horsewhipped by two Middle Eastern princesses at their London home, won £300,000 damages against her former employers, Princesses Faria and Siniya Al Sabah, sisters of the Emir of Kuwait, were also ordered to pay Mrs Swami £19,200 interest and an estimated £100,000 costs.

Flu wave hits Britain

Britain is in the grip of "a substantial influenza epidemic" and the outbreak is spreading faster than any for 14 years, says the Royal College of General Practitioners' research unit. Page 24

Kidney man 'an invalid'

Ahmet Kock, a Turkish farmer who says his kidney was "stolen" from him last year at London's Wellington Humana Hospital, told the General Medical Council's professional conduct committee that the operation had left him an invalid. Three British doctors said to have been involved in the case deny professional misconduct.

French sail for Comoros

French commandos are heading by sea for the Comoro Islands in the Indian Ocean. The move has raised speculation that France may be set to oust mercenaries who seized the former French colony late last month, when President Ahmed Abdallah was assassinated.

Soviet crewmen killed

Two crewmen were killed and 80 rescued when a Soviet fish factory ship caught fire in the Bay of Biscay.

Off eastern Canada, high seas and snow hampered the search for two missing cargo ships and their 39 crew.

Indian kidnapping

Rubia, the daughter of India's new Moslem Home Minister Mufti Mohammad Sayeed, was reported kidnapped in Srinagar, Jammu and Kashmir.

Tougher jail terms urged

Prisoners should serve at least half their sentences in jail rather than the present minimum of one third, said Home Secretary David Waddington. He also argued that long-sentence prisoners should not have automatic parole.

Polish prison deaths

Four prisoners were killed in a Polish jail when convicts went on the rampage because a recent amnesty excluded habitual offenders.

Aquino accuses deputy

Philippines President Corazon Aquino demanded the resignation of vice-president Salvador Laurel, whom she suspects of complicity in the recent coup attempt. Page 2

Leaning tower open

The Leaning Tower of Pisa is to remain open to the public for the time being. Pisa's mayor made the decision despite experts' recommendation that the marble tower should be closed immediately on safety grounds.

Mayoral express

Stockbroker Peter Knowles, mayor of the Midlands town of Tamworth, used his portable telephone to berate British Rail controllers for cancelling his train to work and stranding 80 passengers. BR area chiefs finally bowed to his demand for an express train to make an unscheduled stop.

BUSINESS SUMMARY

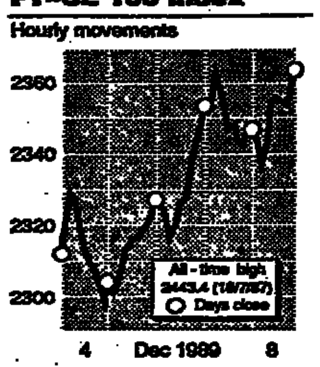
Chevron sues Pennzoil over 8.8% stake

Chevron, the oil company ranked sixth in the world, hit back at Pennzoil for accumulating its stock by suing the small Houston company for allegedly breaking securities laws. Page 24

FT-SE 100: The UK stock market moved confidently into the pre-Christmas trading account with equities adding another 16 points to the recent gain to reach their best closing

FT-SE 100 Index

Hourly movements



level since September 22. The index closed up 16.8 at 2,363.5. The two week equity account which closed last night has seen an advance of 141 Footsie points, or 6.3 per cent. London stocks, Page 17; Lex, Page 24

US JOBS DATA: Non-farm employment rose by 210,000 to 109.4m in November – an increase above market expectations. Page 2; Lex, Page 24

ALAN BOND, troubled Perth businessman, is facing the biggest threat yet to his corporate survival as Adelaide Steamship petitioned the Western Australian Supreme Court for the appointment of a receiver at Bell Resources. Page 12; Lex, Page 24

TELECOMS: The European Community's Ecu75m ($54bn) telecommunications services market will be liberalised in stages over the next few years following a compromise deal reached in Brussels. Page 3

MERCURY Communications is to introduce a 50p fee for calls to directory inquiries from January 2 although BT charges nothing for the service. Telecom managers threaten to strike, Page 6

BAe and Thomson-CSF: A potential obstacle to the planned merger of the companies' guided weapons businesses was removed yesterday by a British Government decision. Page 3

THOMSON, French state-controlled electronics group, has signed up for a joint venture to make 600,000 television sets a year in the Soviet Union within five years. Page 2

UBS Phillips & Drew, the securities house, has been asked by the Stock Exchange to cooperate in an investigation into transactions on the traded options market on the eve of Kingfisher's bid this week for Dixons. Page 6

SHIPPING INSURANCE: Part of the Soviet merchant shipping fleet is to be insured directly through the Lloyd's market in London for the first time. Page 6

BICC, international cables and construction group, said it had bought Sterling Greengate, a UK cable maker, for £38.2m from Raytheon Company of the US. Page 10

CAPITAL RADIO, UK commercial radio company, has increased its stake in Chiltern Radio to 22.9 per cent before the Bedfordshire group's stock market flotation. Page 10

RHM OUTHWAITE, troubled Lloyd's underwriter, has succeeded in reaching a compromise settlement with Murray Lawrence & Partners in return for a cash payment of $62m.

QUIN COPE, a discount house operating in the City of London since the last century, is to cease trading by the end of the year.

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: $1.5795	New York lunchtime: DM1.7713	FT-SE 100: 2,363.5 (+16.8)
London: $1.5795 (1.575)	FFr6.054	FT Ordinary: 1,882.0 (+11.1)
DM2.7975 (2.7925)	SFr1.5985	FT-A All-Share: 1,176.92 (+0.8%)
FFr9.585 (9.54)	Y144.33	New York lunchtime: DJ Ind. Av. 2,729.95 (+9.17)
SFr2.5225 (2.5075)	London: DM1.7725 (1.7725)	S&P Comp 348.02
Y227.75 (227.25)	FFr6.055 (6.0575)	Tokyo: Nikkei 37,724.08 (-134.05)
£ index 86.7 (86.5)	SFr1.5975 (1.592)	LONDON MONEY
GOLD	Y144.2 (144.3)	3-month interbank: closing 15⅛ (15⅛)
New York: Comex Feb $417.1	$ index 68.8 (same)	Liffe long gilt future: Mar 91⅝ (91)
London: $410.25 (404.25)	Tokyo close: Y144.27	
N SEA OIL (Argus)	US LUNCHTIME RATES	
Brent 15-day Jan $19.10 (19.25)	Fed Funds 8⅞%	
	3-mo Treasury Bills: yield: 7.655%	
	Long Bond: 102⅝	
	yield: 7.986%	

Chief price changes yesterday: Page 24

● Emu talks to open in 12 months ● Social Charter approved

EC heads isolate Thatcher

By David Buchan, Robert Mauthner and Ian Davidson in Strasbourg

MRS Margaret Thatcher found herself isolated by Britain's 11 European Community partners yesterday when they overrode her objections and decided to start negotiations on full monetary union in a year's time.

President François Mitterrand announced at the European summit in Strasbourg that the inter-government conference to discuss economic and monetary union (Emu), including the creation of a European central bank, would open at the very end of 1990 under the chairmanship of Italy.

The summit decision to launch the Emu negotiations was hailed as "a great moment and a decisive event" by President Mitterrand's spokesman.

The timing resolved Chancellor Helmut Kohl's concern that the conference should not be held before next autumn's federal German elections. Mr Mitterrand and Mr Kohl settled their differences over the conference date hours before the summit opened.

This left Mrs Thatcher with no allies in her plea that finishing the Community's single market programme by 1992 should precede any decision on new steps to lock the Twelve in Emu.

Complaining that the Community was going blindfold into Emu negotiations, Mrs Thatcher said: "We are talking of an inter-governmental conference, when the first phase (of Emu) hasn't even started."

The Twelve have agreed to co-ordinate their economic and monetary policies more closely in a phase starting July 1 next year which is to include sterling joining the European Monetary System's parity grid.

However, the British leader stressed that she accepted the objectives of Emu, which should be achieved gradually and without treaty change. She reminded the Council that Britain had tabled an alternative plan involving competing and converging monetary policies, rather than a single bank managing a single currency.

Underlying yesterday's decision has been the growing restiveness of some member states, particularly France and Italy, with German dominance in the EMS. But the momentous events in eastern Europe have intensified a desire for greater western European cohesion and the tying of West Germany more tightly into the Community.

Setting December 1990 as the date for the start of Emu negotiations still left Italy, which assumes the EC presidency for the second half of next year, with the task of organising preparation, agenda and work schedule for a revision of the Rome treaty, likely to take place in the early 1990s. No date, however, has been set for the Emu negotiations to end.

Some leaders, notably Chancellor Kohl, stressed the need for further increases in the European Parliament's powers, and this is likely to figure prominently in the treaty negotiations.

Mrs Thatcher was also isolated on the lower-key issue of the Social charter which won approval from the other EC leaders. The British leader deployed her well-known argument that the Charter's provisions should add inflexibility to the European labour market and do nothing for Europe's 14m unemployed.

By contrast, Mrs Thatcher was among the most forthright in calling for still faster progress in forging the single market.

Mr Mitterrand had made the Social Charter an important symbol of the Community's concern that the internal market benefits workers as well as businessmen.

Mr Charles Haughey, the Prime Minister of Ireland, which takes over the EC presidency from France on January 1, said: "The community is immensely strengthened, not just by today's decisions, but by showing the capacity for making decisions."

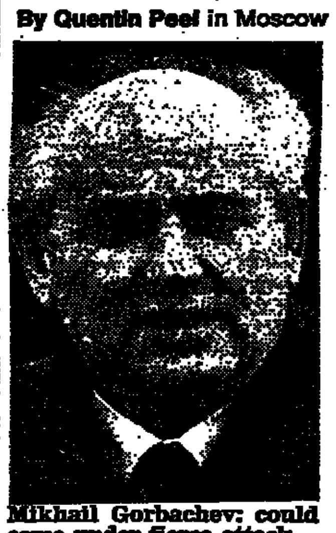
Until the last moment, Mr Kohl's position was finely balanced between conflicting pressures from his foreign ministry urging him into an early Emu conference and the Bundesbank warning against hasty moves to change its monetary autonomy.

Strasbourg summit, Page 3

Margaret Thatcher watches her step at Strasbourg

Soviet Communists may drop power monopoly

By Quentin Peel in Moscow



Mikhail Gorbachev: could come under fierce attack

THE SOVIET Communist Party yesterday held out the prospect of abandoning its "leading and guiding role" – the foundation of its monopoly on power – but insisted that it be done in the context of a complete redrafting of the Soviet constitution.

A thundering three-column editorial on the front page of Pravda, the party newspaper, admitted that the party's claim to a "vanguard role" in Soviet society was under attack, and that its position as "the nerve centre both of political and economic life" had left it open to strong criticism because of the country's economic decline.

"The vanguard role of the party is not guaranteed automatically once and for all," it said. It had to be proved through "practical action."

The editorial was the most open admission yet that the Soviet Union could follow Czechoslovakia, East Germany, Hungary and Poland in scrapping the Communist Party's effective monopoly on power.

On the eve of a crucial plenum of the party's ruling central committee, the newspaper also dropped a heavy hint that "fellow-travellers of perestroika" at the very top of the party – a clear reference to party conservatives – could be axed at today's meeting.

The editorial comes amid a growing clamour of calls for the offending article in the Soviet constitution – Article Six, which guarantees the supremacy of the party – to be debated and annulled at next week's session of the Congress of People's Deputies, now the country's supreme legislative body.

It also follows the decision of the Communist parties in two of the three Baltic republics – Estonia and Lithuania – to abolish the leading role in their own constitutions.

Five of the most radical people's deputies, led by Dr Andrei Sakharov, the veteran human rights campaigner, have called for a two-hour strike on Monday to demand that Article Six be debated.

Turmoil within the ruling party was again revealed this week at a mass rally in Leningrad, reportedly attended by 40,000 Communists and non-Communists, which voted by acclamation for a motion to cancel Article Six.

The central committee plenum today seems certain to be the stage for the bitter in-fighting in the party to explode, as President Mikhail Gorbachev attempts to push through support for his sweeping economic programme to be presented to next week's 2,250-member Congress.

Pravda, now firmly in the control of one of Mr Gorbachev's closest political advisers, Mr Ivan Frolov, as editor, yesterday denounced "populist demands" for a return to Stalinist-style crash industrialisation programmes, which would counter the direction of perestroika, and then hinted strongly they went to the very top of the party.

Continued on Page 24

Water privatisation is third most popular

By Clare Pearson

THE WATER privatisation issue is likely to emerge as the third most popular privatisation in spite of its controversial launch.

More than two million applications had been received by the time the offer closed on Wednesday for the £1.2bn worth of shares available to the public. Subject to a final count this record will have been exceeded only by the number of requests for shares in the privatisation of the British Airports Authority and British Gas.

The resounding success of the issue was secured by a last-minute rush earlier this week for the shares in the 10 water companies of England and Wales.

The public applied for more than four times the number of shares available to them out of the total offer of £5.24bn.

With the average value of applications standing at £2,400 on a fully-paid basis, the public asked to buy roughly all the shares being floated.

The level of demand is bound to mean that individual investors who applied for a large number of shares will get far fewer than the number for which they applied.

Demand from the public has been such that shares will be switched from overseas and institutional investors to whom they had been allocated and issued to individual investors.

These provisions should also underpin the premiums at which the shares change hands after stock market dealing start next Tuesday, as professionals chase shares taken away from them and re-allocated. The shares will in any case be buoyed by the rise in the stock market since the 240p per share price was struck.

Yesterday, levels quoted by I.G. Index, the financial bookmaker, indicated the City was expecting an average premium of about 25 per cent over the 100p partly paid price at the end of first-day's trading.

Almost all of the 10 offers should have become subject to the provision whereby two-sevenths of a company's shares

Continued on Page 24

Edwardes to resign from Minorco at end of year

By Kenneth Gooding, Mining Correspondent

SIR Michael Edwardes is to step down as chief executive of Minorco at the end of this year, only 16 months after taking up the appointment with the South African-controlled, investment company.

Sir Michael, a South African who is particularly remembered for his years as chairman of British Leyland, took up his appointment on the same day that Luxembourg-quoted Minorco launched its £3.5bn hostile bid for Consolidated Gold Fields, the UK diversified mining group.

Analysts immediately jumped to the conclusion that Sir Michael was being eased out by Mr Harry Oppenheimer's Anglo American-De Beers group which owns 60 per cent of Minorco.

That reaction was "predictable but wrong," said Mr Keith Irons, Minorco's vice-president, public affairs. He added that

Continued on Page 24

Weekend FT

BENAZIR'S DEMOCRACY

Christina Lamb looks back on her tour as FT correspondent in Pakistan. She was, in effect, expelled by Benazir Bhutto's Government in September

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Finance

Bulls, bears and floppy disks: Richard Forsyth on how analysts are taking computers to their hearts

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Christmas wine . . .

Jancis Robinson picks some prime bottles for seasonal drinking

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. . . and Port

A Weekend FT tasting: our panel tries and rates ten tawny ports

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How To Spend It

. . . on toys and games and Teddy bears

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Arts

Claire Armitstead previews the pantomime season and Clement Crisp reviews Sir Kenneth MacMillan's new version of The Prince of the Pagodas

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Austria Sch22; Bahrain Din0.700; Bermuda $1.50; Belgium BFr50; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£3.25; Finland Fmk7.00; France FFr7.00; Germany DM2.30; Greece Dr160; Hong Kong HK$12; Iceland IKR120; India Rup15; Indonesia Rp3,100; Ireland I£0.80; Israel NIS3.50; Italy L2000; Japan Y800; Jordan Fils1.000; Kuwait Fils.500; Lebanon £L400; Luxembourg LFr50; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh8.00; Netherlands Fl3.00; Norway Nkr10.00; Portugal Esc140; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr10.00; Switzerland SFr2.40; Taiwan NT$65; Thailand Bht50; Tunisia Din0.800; Turkey L1200; UAE Dh7.00; USA $1.00.

OVERSEAS NEWS

PARTY CHIEFS IN NEW BID FOR DEAL WITH OPPOSITION

Prague Communists rent by chaos

By John Lloyd in Prague

CZECHOSLOVAKIA'S Communist Party embarked on a fresh attempt yesterday to agree with opposition figures on a government, amid signs that the Party is being rent by increasing chaos.

Mr Karel Urbanek, who became general secretary just two weeks ago, was absent from round table talks which began yesterday afternoon with opposition figures. His place was taken by Mr Vacil Mohorita, former head of the communist youth movement.

Mr Urbanek also failed to take part in a televised debate with opposition figures on Thursday night, and Mr Mohorita, who was to fill in for him, in turn pulled out at the last moment.

District party conferences are being held all over Czechoslovakia this weekend to elect delegates and thrash out their position for the emergency party congress, jerked forward from late January to December 20 by the Central Committee at a session on Thursday night.

Reformers, mainly from the newly-born Democratic Forum for Communists, are urging the party to vote for a clean sweep of the discredited leadership.

Members are now leaving the party in large numbers, with 5,000 reported to have turned in their cards. A tide of criticism has engulfed the hastily drafted "Action Programme," mainly for being too broad and vague in its aims.

The Party's disarray may in some respects ease the task of forming a new government, shouldered by Mr Marian Calfa, in the wake of Mr Ladislav Adamec's abrupt resignation on Thursday.

The Communists have accepted that no more than 50 per cent of the government should be members of any party, and said yesterday that the main criterion for the new members should be "competence and professionalism – party affiliation is secondary."

The Civic Forum opposition movement is firmly set on a struggle for power now that its leader, the playwright Mr Vaclav Havel, reluctantly announced he would be a candidate for president once Mr Gustav Husak, the hardline Communist, stands down. Civic Forum has nominated seven leading oppositionists as candidates for government posts.

To press its struggle, it continues to call for a general strike on Monday irrespective of the outcome of present negotiations with the Communists.

The new Social Democratic Party was formally launched yesterday, resuming life after 40 years of proscription. Its new leadership says it could quickly grow to be a major force in Czechoslovak politics.

Bulgaria's new Communist leaders, faced by mounting popular demand for reform, yesterday carried out their second purge of top party posts in four weeks, Reuter reports from Sofia.

Bulgarian radio said a meeting of the party's central committee ousted five members of the policy-making politburo and at least 15 central committee members.

A key figure expelled from the politburo was former Minister of Culture Mr Nacho Papazov, whose promotion to the politburo by new leader Mr Petar Mladenov after an earlier purge of hardliners on November 16 was widely criticised.

Unaccustomed to the limelight: Czech opposition leader Vaclav Havel shields his eyes, from the glare of television lights during a press conference

Thomson in Soviet TV venture

By William Dawkins in Paris

THOMSON, the French state-controlled electronics group, has signed up for a joint venture to make 600,000 television sets a year in the Soviet Union within five years.

The French group's Thomson Consumer Electronics subsidiary has signed an outline agreement with the Soviet Communications Ministry to form a 50 per cent owned joint company with Orbita, a Soviet state-owned enterprise, to build TV sets in the Moscow region.

This will be the biggest, though not the first, East bloc investment for Thomson, the world's leading TV maker with annual output of 7m sets, split roughly half between Europe and the US. A year ago Thomson and a Hungarian parter, Videoton, started making TV sets near Budapest. It is turning out 150,000 sets a year, but capacity is 500,000.

This is also the second big French technology contract with the Soviet Union in barely a month, following a decision by Estonia-based Sberbank, the Soviet Union's largest savings and credit bank, to buy FFr1bn (£104m) of computers, banking software and training from Electronique Serge Dassault, the electronics arm of the French aircraft maker.

The Soviet TV plant, to be based in an existing building, will use Thomson equipment fed with imported components.

The sets will be made to international standards, Thomson officials stressed. Some sets will be exported to minimise the impact on the Soviet trade balance.

Moscow shift on nuclear arms

By David White, Defence Correspondent

THE SOVIET UNION has given strong signals that it is reconsidering its nuclear arms policy in favour of keeping a small number of theatre weapons rather than pressing for complete elimination.

A switch to a minimum deterrence policy would mean abandoning one of the principal tenets of the Soviet position. Formally set out in 1986, this aims to rid the world completely of nuclear arms by the year 2000.

The move coincides with another sharp shift in Soviet policy, away from an outright call for dissolution of the Nato and Warsaw pact alliances.

Indications of a change in nuclear thinking have emerged over the last few months, but Western visitors have received contradictory versions of the official line. However, it has become clear that a serious review is under way and that Moscow wishes to discuss the concept of minimum deterrence with Nato countries.

Nato, which patched up a profound disagreement on short-range nuclear weapons in May, is officially ready to negotiate once the Warsaw Pact's preponderance in conventional arms has been cut, but only on the basis of "partial" reductions in Soviet and US nuclear missiles based in Europe.

President Mikhail Gorbachev reiterated the "ultimate objective" of removing tactical nuclear weapons when he addressed the Council of Europe in Strasbourg in July, saying that these weapons threatened "only the Europeans, who by no means intend to wage war on one another."

But at the same time he said it would be "worthwhile to find out what is behind the 'minimum' notion and where is the limit beyond which the potential of nuclear deterrence turns into an attack capability."

Military analysts said the change in Soviet thinking seemed to reflect a recognition that some level of nuclear deterrence in Europe was a *sine qua non* for Nato, and especially for the three nuclear powers, the US, Britain and France.

The Nato view is that even with deep cuts in Soviet land forces, now being negotiated in Vienna, and removal of the risk of sudden attack, conventional forces will continue to need underpinning by nuclear weapons.

Military doctrine is meanwhile expected to be the subject of more regular contacts between the UK and the Soviet Union, including at military staff level. A programme of contacts is understood to be at an advanced stage.

Gen Sir Richard Vincent, Vice Chief of the Defence Staff, returned last week from a four-day visit to the Soviet Union, the most senior British officer to go there for more than 40 years.

Hungarians call crisis meeting

By Judy Dempsey in Budapest

HUNGARY'S main political parties yesterday began a three-day "emergency" session with the government in an attempt to tackle the growing economic crisis and to fill a potentially destabilising political vacuum.

The vacuum has developed because Hungarians voted in a referendum last month to put off a presidential election until after the country's first independent parliamentary elections. This decision has slowed Hungary's transition from a one-party state to a multi-party democracy and has virtually incapacitated the government.

At the same time, the government, led by Mr Miklos Nemeth, is under pressure from the International Monetary Fund to push through austerity measures from January 1. These would involve substantial prices rises and cuts in subsidies to reduce next year's budget deficit.

The government, struggling to cope with Hungary's $20bn of external debt, will be unable to implement austerity measures without agreement of the independent political parties, in particular the left-wing Budapest-based Association of Free Democrats and the conservative, province-based Hungarian Democratic Forum.

The emergency meeting coincides with an important by-election in Budapest today.

Mr Gaspar Miklos Tamas, candidate of the Association of Free Democrats, is favoured to win. If so, this will be the fifth successive defeat for the ruling Hungarian Socialist (formerly Communist) party.

The meeting also coincides with calls by the Hungarian Democratic Forum to dissolve parliament on December 18, paving the way for parliamentary elections, which can then be held after 90 days.

East German union leader is toppled

MRS Annelis Kimmel, who took over as head of the East German trade union federation last month after the resignation of Mr Harry Tisch, has now herself resigned, writes David Goodhart in Bonn.

Mrs Kimmel had signalled a radically new course for the official union body and last week called for Mr Tisch's expulsion from the federation for abuse of power. But she fell victim to the accelerating pace of reform in East Germany.

Her resignation comes only days after the whole leadership of the union federation resigned ahead of a special congress at the end of next month. Mrs Kimmel was to have stayed on as caretaker head.

A paper to be presented to the congress calls for a complete break with the Socialist Unity Party (SED) and greater independence from plant managers. It also calls for a higher level of competence among union officials, often people who failed to make the grade as SED officials.

A call for a law to make strikes easier is likely to be more controversial. Most political and trade union reformers oppose a new strike law at present, fearing a strike wave could plunge the country deeper into chaos.

Privileged athletics centres for high jump

By Leslie Colitt in Berlin

EAST Germany's sport "Wunder", nemesis of athletes the world over, is in danger of collapsing before the wave of democratisation and indignation sweeping the country.

Irate citizens from Rostock to Dresden are demanding that enormous spending on privileged, high performance athletics be slashed. Special winter sport training centres in the Ore Mountains are among those threatened.

Remarkable successes in international competition by swimmers, ski-jumpers, ice skaters and athletes were a source of pride to many East Germans. Aware of the link between winning gold medals and developing the GDR's fragile patriotism, the now disgraced leadership under Mr Erich Honecker, poured abundant resources into performance sports and to institutions like the Academy of Physical Culture in Leipzig and the Dynamo Sport Forum in East Berlin.

But now New Forum, the opposition group, has accused the Honecker regime of erecting a "glistening sport facade," built at a cost of a corruption-riddled economy and the health of East Germans whose access to swimming pools and tennis courts has been very limited.

New Forum is not blaming the athletes but instead the sport "generals" who built the "most perfect barracks socialism in performance athletics."

Sport and the SED, the Socialist Unity (Communist) Party, must be immediately separated, the opposition is demanding. Long-serving party sports functionaries are to be removed from their plush posts in the East Germany Callisthenics and Sport Federation.

In contrast to athletics, East German football, long in the doldrums, is being urged to cooperate with highly successful West German clubs in what may be a harbinger of close economic ties.

Team sport in East Germany has been far less successful than individual athletics, mostly because they have been starved of the incentives offered to individual sportsmen and women. Appeals to the socialist team spirit for football, basketball and hockey players have been in vain.

Mr Heinz Florian Oertel, the leading East German sport commentator, urged that the country's football clubs in both divisions should train and play together with successful West German clubs "as often as possible."

Employment in US up sharply in November

By Anthony Harris in Washington

US non-farm employment rose by 210,000 to 108.4m in November, according to figures from the Department of Labor yesterday. The rise was above market expectations of 155,000 but the October increase, originally reported as 233,000, was revised down to 98,000.

This sharp revision and a small fall in average working hours and weekly earnings were read by the market as showing some easing of demand pressures and bond prices rallied.

There was a sharp increase in the labour force, which was not explained, so unemployment rose by 0.1 per cent to 5.4 per cent, despite the rise in job creation.

Max Grundig dies

Mr Max Grundig, founder of the West German consumer electronics group which bears his name, has died in Baden-Baden at the age of 81, writes David Goodhart in Bonn.

From a business employing 42 people in 1945 he built a radio and TV empire employing 40,000 with a turnover of DM 3bn when he sold a 31 per cent stake and management control to Philips in 1984.

Corruption amnesty

The French parliament, in a last-minute change of tack, has voted for an amnesty for people suspected of helping politicians use illegal methods to raise party campaign funds, though not for corrupt MPs themselves, writes William Dawkins in Paris.

Until recently, it looked as if public pressure would force the Socialist Government to drop the scheme, intended to ease the way for a related law clamping down on party political spending in the future. The vote deflects what would have been a serious retreat for the Government.

Rio markets anxious

Fears that Mr Luis Inacio Lula da Silva could win Brazil's presidential elections on December 17 sent a wave of anxiety through financial markets yesterday, writes Ivo Dawnay in Rio de Janeiro.

As opinion polls showed the socialist closing on his centre-right opponent, Mr Fernando Collor de Mello, black dollar rates moved up from Thursday's close of NCz14.50 to NCz17.20 at midday. Lula's poll support has improved from 38 per cent earlier in the week to 40 per cent while Mr Collor has dropped back from 51 per cent to 49 per cent.

Hong Kong talks

Britain and China this week resumed negotiations on detailed aspects of Hong Kong's return to Chinese sovereignty, although the mood of their joint talks remained soured by the aftermath of the repression of pro-democracy demonstrations in China in June, writes John Elliott in Hong Kong.

During the four days of meetings, the two sides are believed to have had informal talks about Hong Kong's plans to introduce a Bill of Rights and about the programme for introducing democracy and completing the Basic Law.

Singh soothes Lanka

India's new Prime Minister, Mr V.P. Singh, yesterday confirmed the policy of seeking improved relations with India's neighbours by reassuring Sri Lanka that it would try to end delays in the withdrawal of Indian troops from the island, writes David Housego in New Delhi.

A Sri Lankan delegation led by Mr Rajan Wijeratne, the Foreign Minister, told Mr Singh that 25,000 Indians troops remained in the country in spite of an agreement with the previous government that they would be out by the end of the year.

Though Mr Singh did not give concrete promises for withdrawals or the disarming of the Tamil National Army, he was reassuring enough for the Sri Lankan delegation to sense a new atmosphere.

Pessimism as Central America begins last ditch bid for peace

By Tim Coone in Managua

AN AIR of pessimism precedes this weekend's Central American summit in San José, Costa Rica. It comes amid a big guerrilla offensive in El Salvador, a Sandinista army offensive in Nicaragua and a breakdown of relations between the two countries.

The optimism of last August's summit of the five Central American presidents has all but vanished.

This weekend President Daniel Ortega of Nicaragua will be accused of supplying arms for last month's offensive by FMLN guerrillas in El Salvador. The discovery of 24 surface-to-air missiles in a shipment two weeks ago following the crash in El Salvador of a light aircraft, apparently en route from Nicaragua, has strengthened the other leaders' argument that President Ortega's sincerity is in question.

Never one to come empty-handed to a summit though, President Ortega informed foreign diplomats in Managua yesterday that he is to present a new FMLN peace initiative to the other presidents.

He will also be making his own accusations of insincerity. Last August the five presidents signed an agreement under which the 12,000-strong US-financed Contra army based in Honduras was to have been demobilised by December 5. That deadline has passed, and has been unilaterally extended by Nicaragua until the end of the year.

Supported by the US, the Contras are not willing to disarm voluntarily and apart from Nicaragua, none of the other countries appears willing to exert force to ensure compliance.

Nicaragua is threatening to reactivate a multi-billion dollar damages claim against Honduras at the International Court of Justice in The Hague if the Contras are not soon expelled from Honduran territory.

Nicaragua is in the middle of a general election campaign and the government wants the Contras finished as a military force by next February's elections. An attack on their Honduran base camps cannot be ruled out if diplomacy fails to move them.

In El Salvador, the government and FMLN are vying for military superiority. In the absence of negotiations, the guerrillas are preparing for a second offensive, possibly with a view to seizing territory and declaring a provisional government. If El Salvador and Nicaragua cannot now patch up their relations, Nicaragua might be tempted to recognise such a government.

Western observers in the region believe that if this summit fails to produce any initiatives, the danger of a regionalisation of the conflicts in Nicaragua and El Salvador could become a very real one.

Aquino names vice president over coup bid

PRESIDENT Corazon Aquino of the Philippines yesterday demanded the resignation of her vice-president Salvador Laurel, writes Roger Matthews in Manila.

She also accused former defence minister Juan Ponce Enrile, and her first cousin Eduardo Cojuangco of being implicated in the coup attempt.

Some 400 rebels last night still controlled Cebu airbase and threatened to blow up more than 30 aircraft if loyal troops attacked.

Speaking to a huge enthusiastic crowd, Mrs Aquino said she had been accused of being too soft on her enemies. Now, she said, she would get tough.

Mr Laurel could be flicked away like a troublesome fly. But first he had to explain his behaviour to the people. He also had to give up the $1m a year vice-president's budget. It was too much of a coincidence, she said, that twice during coup attempts Mr Laurel had been abroad and a third time playing golf.

Anti-apartheid meeting today

By Patti Waldmeir in Johannesburg

SOUTH African anti-apartheid groups will meet today in Johannesburg for their largest gathering since the 1950s, to discuss strategies for ending apartheid.

The meeting takes place amid signs of rapid political change on several fronts, including indications that the Government may compromise on protection for the country's white minority.

Late on Thursday night, the minister responsible for constitutional negotiations, Mr Gerrit Viljoen, said guarantees for group rights would no longer be a pre-condition to talks, but would be negotiable.

In a related development, Mr Pik Botha, the Foreign Minister, has written to the United Nations spelling out the Government's attitude to political rights under a new constitution.

His letter, published yesterday, says "no individuals or groups of individuals would have the right to govern others without their consent" – wording identical to a negotiating document prepared by the African National Congress (ANC).

Many differences remain. Mr Botha's letter represents an attempt by Pretoria to block moves in the UN to endorse the ANC's constitutional blueprint for South Africa.

This subject is expected to be central at the weekend conference.

However several important black groups have said they will boycott the meeting, highlighting divisions within the anti-apartheid movement which have deepened since the President, Mr F W de Klerk, began a programme of political reforms three months ago.

The main participants will be the Mass Democratic Movement (MDM) – a multi-racial alliance which identifies closely with the ANC – and supporters of the Black Consciousness philosophy.

● Pretoria has rejected calls for an independent judicial inquiry into evidence that South African police have operated death squads, prompting anti-apartheid church leaders to allege a cover-up.

West Bank glum but defiant as intifada enters third year

By Hugh Carnegy in Nahalin

IN THIS higgledy-piggledy Palestinian village, scattered on a West Bank hillside, reports of progress in US efforts to bring peace to the region aroused little enthusiasm yesterday as the locals glumly contemplated the advent today of the third year of the uprising against Israeli rule in the occupied territories.

Not many miles away to the north in Jerusalem, the Israeli Government announced that Mr Moshe Arens, the Foreign Minister, would travel to Washington next month for talks with his US and Egyptian counterparts in the next stage of the seemingly hopeless attempt to get Israelis and Palestinians round the same table to discuss peace.

Huddled in the winter drizzle around a pair of foreign reporters, a small gathering of Nahalin inhabitants shrugged sceptically at the news. "We believe that America and France and Europe created the state of Israel so they will protect Israel," offered a man in a woolly hat. "They will not sacrifice their son."

Like many Palestinians, the people in Nahalin acknowledged that achieving their goal of an independent Palestinian state is likely to take much longer than the two years that has elapsed since the intifada erupted in the Gaza Strip on December 9, 1987, and quickly spread throughout the occupied territories. Among almost 600 Palestinians killed since then were five Nahalin residents gunned down in a notorious incident last April when the paramilitary Israeli Border Guard raided the village.

A curly-haired youth, whose brother was among those killed, said: "We know there will be a result of the intifada, even if it takes 10 or 15 years."

There did not seem to be much intention to celebrate the uprising's second anniversary in Nahalin. They might stage marches garbed in the familiar keffiyah, the chequered Palestinian scarf, they said. "If the soldiers come, we will hold a demonstration," said another youth defiantly. They said a 10-year old was beaten that morning for firing stones from a sling at an army patrol in the village.

The people of Nahalin were not among close to a million residents of Gaza and the West Bank placed under curfew yesterday as the army moved in reinforcements to forestall any upsurge of violence to mark the anniversary. In a curious paradox, troops outside Bethlehem turned back Palestinians on their way to Jerusalem in defiance of a three-day boycott of work in Israel called by the leaders of the uprising.

The mood around Bethlehem seemed subdued, with people perhaps reflecting on the hardships of the past two years. In Nahalin, the locals estimated that two-thirds of their young men were in jail. The many who had relied on jobs in Israel had lost them after the April incident. But always these complaints are matched by insistence that the intifada would go on. "We are happy to sacrifice more and more, even if it takes 10, 15 or 20 years," said one of the group to general assent.

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THE STRASBOURG SUMMIT

FT writers report as leaders of the 12 EC member states begin meeting in France

Wrangle on German unity formula

By Robert Mauthner, David Buchan and Michael Cassell

EUROPEAN leaders and their foreign ministers were yesterday wrangling over a Community formula expressing support for eventual German reunification.

France and Italy baulked at a West German government proposal that would set as a Community aim "the establishment of peace in Europe, in which the German people would recover its unity through free self-determination".

While nine of Bonn's partners took no exception to this formula, France and Italy, whose leaders have met Soviet President Mikhail Gorbachev in recent days, sought to dilute the wording. They put forward the phrase "free expression of the popular will" instead of "free self-determination", apparently believing this to be vaguer and thus more acceptable to Moscow.

Underlying this textual argument is a feeling that West German Chancellor Helmut Kohl moved too fast in pushing the German problem to the fore. Before the summit opened, Mr Giulio Andreotti, the Italian leader, said: "It would be a mistake to try to settle the German problem too quickly, if it meant turning Europe upside down."

The draft declaration on Eastern Europe prepared by foreign ministers also speaks of the need to tread carefully. "The European Council is convinced that in the present circumstances everybody must, more than ever, show a sense of responsibility. The changes and necessary transitions must not work to the detriment of stability in Europe," it says.

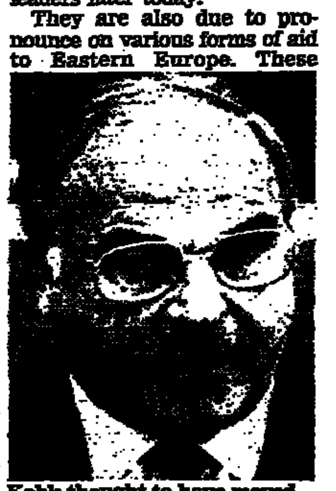
The statement was due to be thrashed out at a late-night dinner by foreign ministers, before being presented to their leaders later today.

They are also due to pronounce on various forms of aid to Eastern Europe. These include the extension of management training and student exchanges to Eastern Europe, and the creation of an East European Development Bank, in which the Twelve would put up 51 per cent of the share capital, leaving the rest to other Western countries and East Europeans themselves.

This French-proposed institution has the backing of most countries, but not of Britain. Mrs Margaret Thatcher has argued that East European countries must pull themselves up by trading rather than by piling up still more debt, and that such a bank is not sufficiently flexible to tie aid levels to democratic progress.

Mr Douglas Hurd, the UK Foreign Secretary, said help for Eastern Europe should not mean "more bureaucracy and more bureaucratic institutions". In establishing new links with Eastern Europe, he said, the Community should not envisage full membership for the reforming countries "for some time" because that would require free enterprise economies.

"But we do envisage a series of association agreements which fill as political and economic reforms gather pace."


Kohl: thought to have moved too fast


Andreotti: 'Don't turn Europe upside down'


Hurd: opposed to more bureaucracy

Delors calls for faster progress on 1992

By Lucy Kellaway

MR Jacques Delors, commission president, yesterday told the 12 member states to speed progress towards the single market, and gave them two years in which to adopt 110 more directives.

He said that by the end of the year about 60 per cent of the 279 measures outlined in the single market white paper would have been adopted, but warned that the implementation of the measures by member states was not good enough.

Of the 88 measures which should by now have been implemented, only 14 had been adopted by all member states, he said. Singled out for good behaviour was Denmark, which has put in force 73 measures, and the UK, which has implemented 69. The worst laggards were Italy (35) and Portugal (33).

Some countries yesterday promised to try harder, with Portugal insisting that it would redouble its efforts, whereas Belgium explained that its relatively poor record was due to the problems its parliament has in passing the necessary laws.

Mr Delors noted the good work of the commission in bringing forward the directives to the council, which has drafted directives on 274 of the 279 areas. He said most of the measures which had been put forward, but were awaiting approval, were on health and veterinary matters. Mr Delors said the directives must be adopted by the end of 1991 to give member states a year in which to put them into place.

In the last few days the French presidency has secured important agreements in two notoriously tricky areas – air fares and telecommunications.

However despite the recent progress in transport, Mr Delors singled out this sector and energy as ones in which much needed to be done.

His remarks will put pressure on industry ministers meeting next month to agree many of the 27 different measures to be brought forward. These cover everything from cosmetics to tractors to life assurance, but the most important are on mergers and public procurement.

Mrs Margaret Thatcher, the UK Prime Minister, called yesterday for both matters to be resolved by the end of the year, and also said more was needed on banking, financial services and transport.

She reiterated the need for a "level playing field" in Europe for all companies and, despite the recent embarrassment over UK sweeteners granted to Rover, called for an end to unfair state aid.

Further progress towards the single market was promised yesterday by Mr Charles Haughey, the Irish Prime Minister, who will take over from Mr François Mitterrand as community president in January. He assured the 12 that Ireland would do its best to keep up the pressure.

The merger legislation has got caught between the Italians, who are still pressing for more involvement from Brussels, and the West Germans, who want a larger role for their own anti-trust authorities.

Public procurement remains difficult, with member states pressing for different sectors to be excluded from the rules. The UK has argued that the North Sea sector should not be covered.

Parliament seeks strong new powers under Emu treaty

By David Buchan

THE European parliament yesterday demanded strong new powers over, or alongside, other Community institutions as part of any new treaty establishing economic and monetary union (Emu).

In the traditional summit-opening address by the parliament president, Mr Enrique Baron requested the "closest participation" of parliamentarians in the likely inter-governmental conference of the Twelve.

The parliament, reflecting the federalist majority among its 518 members, was expected to make the strongest of pitches for increased powers. Even so, its Spanish socialist president took the Commission, as well as EC leaders, aback by suggesting that the EC executive body share with the Strasbourg assembly its monopoly power (enshrined in the 1957 Rome treaty) to initiate legislation.

Mr Baron's other demands included:

● Giving the parliament the power to amend not only barrier-breaking legislation contained in the internal market programme, but other proposed laws as well. Parliament has already used the amending right it gained under the Single European Act (in force since 1987) to get about half of all the amendments it has proposed since then onto the EC statute book.

● Power of co-decision for the Parliament, whose amendments at the moment can be overturned, if they are not supported by the Commission and if there is unanimity in the Council (EC governments) to reject the parliament's will. Mr Baron said parliament wanted this co-decision power in any new areas of Community competence agreed in a new treaty revision.

● A "decisive role in the investiture of a new Commission", the 17 members of which at present are appointed by the 12 individual governments. The parliament has only the blunderbuss right to censure, and theoretically dismiss, all 17 Commissioners together, a power too blunt ever to use.

● Making Council of Ministers debates as public as parliamentary sessions.

All EC leaders recognise that the creation of a European central bank – the centrepiece of the Delors plan for monetary union – is inseparable from the issue of democratic or parliamentary control. Nonetheless, they are sharply divided over how much more clout they want to give the Strasbourg assembly, with West German Chancellor Helmut Kohl arguing that the next parliament, to be elected in 1994, must have increased power, while Mrs Margaret Thatcher of Britain wants no stepped-up role for the parliament in an Emu which she opposes.

Reflecting the parliament's broad-left majority (socialists, greens and communists) after last June's elections, Mr Baron gave EC leaders a blast of criticism for failing to consult the parliament over the Social Charter.

"It beggars comprehension that parliament should be expected to give an opinion on minor technical issues which could quite well be resolved by a committee of experts, such as safety measures for tractors or the maximum level of artificial colouring in certain foodstuffs, while being unable to give an opinion on something as fundamental as the labour relations and social rights of the citizens of Europe," he told them.

Brussels compromise will open EC telecom markets in stages

By Tim Dickson in Brussels

THE European Community's telecommunications services market – worth Ecu75bn (£54bn) a year – will be liberalised in stages over the next few years after a compromise deal struck in Brussels late on Thursday night.

Value-added services such as electronic mail and electronic banking will be covered when the legislation comes into force, probably in the middle of next year, while private companies will be free to offer data communication services after a transitional period ending at the beginning of 1993.

The basic telecommunications networks, telex services and ordinary telephones will not be affected by the new rules.

The hard-fought package, which includes agreement on the extent to which standards will be harmonised in a liberalised market, was carefully constructed to bridge the gulf between member states such as Germany and the UK, which had pushed hardest for access to other countries' telecoms networks, and those like France and the Mediterranean states which voiced misgivings about the effect of reforms on their public sector monopolies.

There was surprise yesterday that the negotiations had suddenly borne fruit, while the European Commission insisted that the key principles of its proposals were still intact.

Discussions in the last few months have been complicated by the fact that virtually all EC governments disputed the Commission's use of its own powers under Article 90 of the Treaty to force through its liberalisation plans.

Sir Leon Brittan, the EC's competition commissioner, however, made clear throughout that he would be prepared to modify the Brussels directive if the separate harmonisation directive – the so-called Open Network Provision – was approved by a majority of member states.

In the event the Commission made two key concessions. Those member states which want to issue licence conditions for private basic data communications operators will be able to do so provided they are non-discriminatory and are vetted by the Brussels authorities. This was a key point for Sir Leon, who refused to accept plans put forward earlier on Thursday by Mr Paul Quilès, French Telecommunications Minister and Council chairman, which would have given member states much wider powers.

The other concession – demanded by Mediterranean countries such as Portugal and Greece – was to accept that exemptions could be granted up to 1996 where member states were able to demonstrate to the Commission that their public services were at risk.

The battle over Open Network Provision – which seeks to harmonise tariff conditions, technical standards and conditions of access to the networks – centred largely on whether these norms should be mandatory for private operators.

Some details of this directive will have to be tidied up in advance of formal adoption at next week's meeting of EC internal market ministers, but the essence of Thursday's deal is that the standards will not be applied automatically, though if they are, they will apply primarily to the PTTs.

UK alone against Social Charter

By David Buchan and Lucy Kellaway

ELEVEN of the European Community's leaders yesterday agreed to the Social Charter of basic rights for workers, with Mrs Margaret Thatcher the predictable sole dissenter.

The charter's 30 articles call for workers to receive "equitable" wages, "adequate" social security payments and improved living and working conditions, and to be assured the rights to join trade unions and to take jobs anywhere in the Community.

It is to be adopted later today as "a solemn declaration" by the overwhelming majority of the Twelve, but it has no legal backing. Mrs Thatcher only briefly repeated her well-known objections to the charter as a measure that would cost, rather than create, jobs.

The precise status of the charter is unclear. The UK government has argued that it could only have the force of a Council decision if it was agreed by everyone. However, France, currently in the chair of the EC council, claims it is an "inter-governmental" decision that does not require unanimity.

All, however, agree that the main fight over social policy will be the action programme that the Brussels Commission has proposed. By contrast to the social charter, this will involve member states introducing legislation.

The 11 signatories to the charter have agreed to it with little enthusiasm. Its original champions regard the final form – which was weakened in a vain attempt to win British support – as too weak, and are sceptical as to whether it will have any practical import.

● The European summit plunged into darkness as Mrs Thatcher said "no", Reuter reports.

The meeting of the 12 European Community leaders ground suddenly to a halt when a two-minute power failure hit the Palais des Congrès in Strasbourg. French President François Mitterrand had just suggested a 10-minute break, and Mrs Thatcher had objected, when electricity throughout the building suddenly failed.

The British leader said in the pitch black: "Shall we talk about the Social Charter now?"

Travellers set for distant galaxies

By Robert Mauthner

THOSE WHO have read the publicity put out by the City of Strasbourg may envy the fortunate thousands – or is it tens of thousands? – who made the difficult journey to attend, in one form or another, the European Council.

"Meeting point of cultures, this city at the cross-roads of the paths and waterways linking Italy and Switzerland to the Netherlands and France to Central and Eastern Europe, ancient free city of the Germanic Holy Roman Empire, Strasbourg is today a European metropolis facing the future."

This mouth-watering description may give the innocent intending visitor the impression that the future of Europe is being decided in the midst of quaint streets lined by medieval, half-timbered houses, inhabited by learned scholars and philosophers.

That idyllic place exists, but it is on the other side of the tracks from the futuristic Music and Congress Palace, a moored space-ship, waiting only for Captain Mitterrand and his merry crew to pilot it to goodness knows what distant places beyond the national horizon.

Inside, the spacemen and women wander purposefully to the sweet sounds of string quartets between television screens showing fascinating graphics of "total employment by sector of activity", and guided by cool, invariably blonde, red-clad hostesses.

They consume gargantuan meals of Alsatian choucroute provided by the City of Strasbourg, in its everlasting bid to replace Brussels as the permanent capital of Europe. They look as if they know where they are going and are about to take momentous decisions which will change the face of the world, if not that of other planets.

The terrestrial creatures outside, however, are understandably puzzled.

They may accept the importance of giving wings to the earthbound Emu, otherwise known as economic and monetary union. But why does it need the presence of Europe's greatest leaders in a spaceship in Eastern France to decide whether another conference to discuss Emu's wider implications should be called in the middle or at the end of next year, or not at all?

France-telecom, like its British counterpart, obviously thinks it could all be done better by telephone, for it has laid out its wares at stands in the spaceship for the politicians' and journalists' delectation. A call in time could save the Emu from being eaten by Mrs Thatcher, to paraphrase a famous advertising slogan.

The only trouble is that most technological marvels on view have fittings which can be used only in their country of origin, and that, maybe, is the reason why 12 heads of government have gathered here to talk face to face about dates for holding conferences rather than substance.

It just shows, as Mrs T. keeps saying, that it's as well to get the nitty-gritty right before starting on the airy-fairy. Space travellers, please note.

Survey shows concern about immigrants

ONE third of all European Community citizens think there are too many immigrants in their country, according to an EC survey published yesterday, Reuter reports from Brussels.

"One European in three believes there are too many people of another nationality or race in his country," the survey by the EC's executive Commission said.

It said racial and religious intolerance was evident in the 12-nation bloc.

"The Belgians and Germans have the greatest difficulties living with the 'otherness' [of immigrants]," it said.

While one in three EC citizens came into contact with people of a different race or religion at work, only a few had friends who were foreign, the survey said.

It noted a difference in views between northern countries with large immigrant populations sometimes linked to their former colonies, and southern member states and Ireland, where emigration is a longstanding tradition.

Some 25 per cent of French and British citizens were in favour of restricting immigrants' rights, for example, while nearly 70 per cent of Italians wanted such rights improved.

But the survey said that eight out of 10 people disapproved of racist movements.

UK NEWS

BAe merger plan helped by missile system choice

By David White, Defence Correspondent

A POTENTIAL obstacle to the planned merger of the guided weapons businesses of British Aerospace and Thomson-CSF of France was removed yesterday when the British Government opted for a French-led missile system to equip a new series of frigates.

Mr Michael Neubert, junior defence procurement minister, said in a Commons written answer that the UK had opted to join France and Italy in a two-year project definition programme for the Family of Anti-Air Missile Systems (FAMS). This was in preference to the US-led Nato Anti-Air Warfare System (NAAWS), backed by several other Nato countries. Britain has been involved in feasibility studies for both projects.

The French had threatened to block the BAe-Thomson plan unless the UK joined FAMS, in which the state-controlled Thomson-CSF is already involved, with Aérospatiale, maker of the basic missile, and Selenia of Italy.

BAe Dynamics, the British Aerospace weapons division, said the decision would provide "major future business" in its own right as well as clearing the way for creating the new joint venture, which would be the largest European company in the sector.

A question remains over whether Spain will join the UK-French-Italian group or opt for the US system.

The British move follows the UK's sudden withdrawal in September from the eight-nation NFR-90 collaborative frigate project, in which both weapon systems were under consideration. France and Italy also pulled out.

The French and Italians were counting on the UK to back the development of a medium-range naval variant of their proposed missile family – the Local Area Missile System – for the air-defence frigates which will be replacing the Royal Navy's 12 Type 42 destroyers.

Mr Neubert said the FAMS system offered a better prospect than its rival of providing an affordable and capable system within this timescale.

It is thought that FAMS will require greater UK investment because of the smaller number of partners and the fact that the UK will shoulder responsibility for the medium-range version.

Mr Neubert said the decision was still "subject to the satisfactory conclusion of negotiations with the other participating nations."

The FAMS project has naval versions with shorter and longer ranges, and a land-based air-defence variant, aimed at replacing the US Hawk missile.

The degree of international backing for the rival US naval weapon programme is now seriously in doubt.

Four potential Nato partners remain – Canada, West Germany, the Netherlands and Spain. But Bonn has been reconsidering whether to go further with the NAAWS project.

Steelmakers warned of protectionism

By Maurice Samuelson

BRITISH steelmakers were told yesterday to be on guard against a resurgence of protectionism in other parts of Europe because of increasing overcapacity.

"We must take all necessary steps to safeguard against a return to the worst excesses of State operating subsidies experienced in the past," Mr John Pennington, president of the British Independent Steel Producers Association, told the association's annual meeting in London.

The freely competitive steel market in Europe might last only as long as order books remained good. Mr Pennington warned that "overcapacity will rear its head in 1990 and it is clear that not all other European governments have disentangled themselves from their steel industries to the extent achieved in the UK."

He called on steelmakers to put pressure on the European Commission and on the Council of Ministers through the British Government.

He said the industry in the UK was also concerned over persistent rumours that it might face a 25 per cent increase in its electricity costs.

Steelmakers had originally welcomed the plan to privatise electricity but some of the plan's objectives had "gone sadly astray." The proposal that only 15 per cent of power would be sold under free competition meant that in some industrial areas that would not even cover two of the large steel manufacturers.

"It will mean that the monopoly supply is protected and that consumers will be competing rather than the suppliers competing."

UK producers already paid "significantly more" than their European competitors, he said.

Anti-crack campaign to be 'low key'

By Ivor Owen

THE GOVERNMENT plans a "relatively low key" television advertising campaign against misuse of the cocaine-based drug crack early in the new year, Mr David Mellor, a Home Office Minister of State, told the Commons yesterday.

He rejected suggestions that an earlier television campaign against heroin had misfired because the victim portrayed in some advertisements had become something of a "cult figure."

Mr Mellor stressed that all advertising campaigns were evaluated carefully.

Mr Barry Sheerman, a Labour spokesman on home affairs, argued that some of the money devoted to advertisements to combat drug misuse might have been better spent on improving youth clubs and other facilities in deprived areas.

Mr Mellor warned that international drug traffickers were trying harder than ever to smuggle illicit drugs into the UK. From the beginning of January to December 5, 309kg of heroin had been seized by customs, compared to 211kg for the whole of last year.

Mr Mellor said the amount of cocaine impounded over the same period was 392kg, compared to 264kg in 1988.

He said he was "deeply troubled" by these figures, but said there was no evidence the amount of heroin on sale on the streets had increased.

The Minister described the cocaine situation as "more disturbing." However, he said there were indications that young people showed strong resistance when tempted to try drugs.

Parkinson calls for better fuel economy in cars

By Kevin Brown, Transport Correspondent

VEHICLE manufacturers should place less emphasis on producing high performance cars and more on fuel economy, Mr Cecil Parkinson, Transport Secretary, said yesterday.

"We must encourage manufacturers to design engines which conserve fuel and reduce environmental damage," Mr Parkinson told the Institution of Highways and Transportation. "Much has already been achieved, but we now need a fresh impetus."

He indicated that there would be no draconian measures to restrict car use.

Mr Parkinson said that important areas for action included:

● Relieving road congestion to end queues of slow moving or stationary vehicles "all pouring out fumes;"

● Control of vehicle emissions through the use of catalytic converters from 1992 and regulations to control diesel emissions from next year; and

● Improving driving techniques, which could reduce fuel use by up to 15 per cent.

Rarity is likely to dull sculpture's impression

Antony Thorncroft examines investment prospects for the latest type of art to attract buyer interest

THE record £6.82m auction price for a sculpture paid on Thursday at Sotheby's in London, for a 17th century bronze figure by Adrien de Vries, raises the question: will sculpture follow Impressionist and 20th century paintings as the next area for art investment speculation?

Only two days before, Christie's sold a bronze group, the "Rape of a Sabine," by the Florentine sculptor Giambologna, for £2.75m. Giambologna had been the master of de Vries in the 1580s and for those two days, his statue held the auction record for a bronze of this period.

But the rarity of masterpieces by Renaissance, and later, Old Masters, will prevent this becoming a feverish investment market. To date, the Japanese, the driving force behind the rise in price of the best Impressionist and 20th century pictures, have shown no interest.

The dancing faun by the Dutch-born de Vries is quite exceptional. Indeed Ms Elizabeth Wilson, who heads Sotheby's works of art department, is resigned to never seeing a sculpture of this quality for the rest of her career. "It is so special; so unique; so rare. It is quite extraordinary that it should appear on the market at this time."

The 30in bronze had sat for over 30 years in the garden of a couple who had paid £100 for it. They brought it, with a group of 19th and 20th century garden sculptures, into Sotheby's Billingshurst saleroom where it was wrongly catalogued for a garden furniture auction and given an estimate of up to £1,800. The catalogue went to Sotheby's in London for approval and Ms Wilson immediately spotted its quality.

In recent years de Vries had become one of the most respected masters of European sculpture, his reputation soaring after shows in Copenhagen and, most notably, in Prague a year ago, which put the spotlight on the artists working at the court of Rudolf II, including de Vries who had sculpted the faun for Rudolf around 1610. The 20-odd sculptures by de Vries on display caught the imagination of experts and public.


De Vries' Dancing Faun, which fetched £6.82m

Sotheby's placed a cautious estimate of £1.5m on the faun but Ms Wilson privately expected bids in excess of £3m, so great was the interest shown by the handful of collectors and museums who compete for these scholarly works of art.

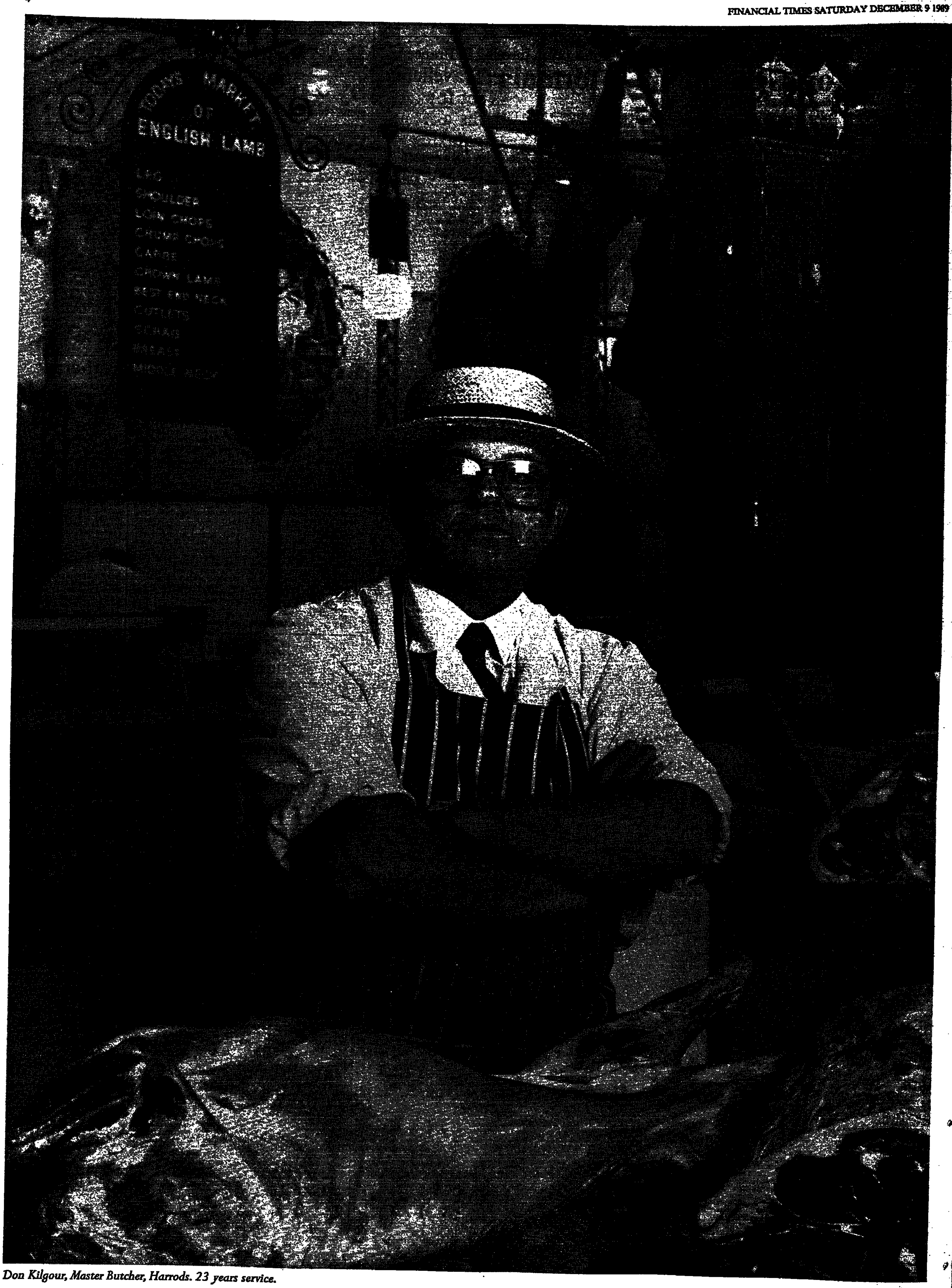
No sculpture of similar quality by de Vries is likely to appear again for sale: virtually all his work, and that of his few rivals, is in museums, or in long established collections.

The high prices reflect the general awareness that Old Master paintings and, to a lesser extent, Old Master sculptures, are underpriced compared to Impressionist and Modern art.

In recent months new buyers have appeared for Old Masters. In May a portrait by the 16th-century Italian artist Pontormo was sold for £22.7m to the Getty Museum in California, a record for an Old Master, but still well behind the prices achieved at auction by Van Gogh and Picasso.

The de Vries was bought by the London dealer Mr Cyril Humphris. He was bidding on behalf of an undisclosed collector, either a continental connoisseur, or more likely the Getty Museum, which has an income of over $100m (£63.7m) a year from the estate of the late Paul Getty.

To take the faun outside the UK will require an export licence. However, the price puts it far beyond the resources of the national museums and galleries, which have a combined annual purchasing grant for new works of £13m.



Don Kilgour, Master Butcher, Harrods. 23 years service.

Harrods. The inside story.

Since the takeover of House of Fraser in 1985, the name Harrods has featured prominently in the newspapers.

Yet amidst all the talk, one question of real interest to any of the millions who might be described as 'a Harrods customer' awaits an answer.

And that is, what's happening to the old store itself?

Which brings us to Don Kilgour. A man who has been honing his skills, not to mention his knives, in our Food Halls for over 23 years. To him, Harrods has always meant one thing. The best in the business.

"And the day it stops being the best, is the day I'll be off." (Not a butcher to mince words is our Mr Kilgour.)

"When a new guv'nor walks in, you do fix him with a beady eye. You wonder whether what you believe in is something he'll want to rip out and start again."

In fact, there's been a fair amount of ripping out since the Under New Management signs were posted.

A £200m improvement programme has seen mechanical electrical and refrigeration systems all renewed.

Harrods Bank, rebuilt in keeping with its tradition, is now in mint condition. The refurbished Man's Shop looks immaculate.

The Food Halls display a lot less chipboard and plastic. A lot more joinery and marble. The new Fine Jewellery Room boasts classical pillars and crystal chandeliers. The toy floor is four times bigger, more of an experience than ever before.

Out at Osterley, West London, computer wizardry underpins the efficiency of our new distribution centre.

But the alterations extend beyond the structural.

Back to Don Kilgour; "These days, if I have an idea to improve something, counter layout say, it's no surprise to find the Chairman himself turning up to talk it over."

Just as we don't expect you to believe everything you read in the newspapers, neither do we expect you to take Don's word for it.

The inside story of Harrods is something you can discover for yourself. Mon. to Sat. 9.00am to 6.00pm (Wed. 9.30am to 7.00pm).

Harrods Late Night Christmas Shopping: every Wednesday until 8.00pm. Today and Saturday December 16th until 7.00pm.

House of Fraser.

ARMY & NAVY · ARNOTTS · ASTRAL SPORTS · BARKERS · BINNS · CARVELA · CAVENDISH HOUSE · DAVID EVANS · D.H. EVANS · DICKINS & JONES · DINGLES · FRASERS · HAMMONDS · HARRODS · HOWELLS · JOLLYS · KENDALS · KURT GEIGER · RACKHAMS · SCHOFIELDS · TURNBULL & ASSER

UK NEWS

Lloyd's insurance for Soviet ships

By Kevin Brown, Transport Correspondent

PART OF the Soviet merchant shipping fleet is to be insured directly through the Lloyd's market in London for the first time, apparently as part of President Mikhail Gorbachev's economic reforms.

The deal has been negotiated by a team of managers from AKP Sovcomflot, the Soviet trade organisation, which has been in London this week for talks with insurance brokers.

Tyser Low, a firm of Lloyd's brokers, has agreed to arrange all-risks hull cover on standard terms for 75 vessels, ranging from cruise ships to medium-sized bulk carriers and tankers.

Further cover for liability for pollution damage is being negotiated with London-based Protection and Indemnity (P&I) clubs – mutual insurance organisations owned by shipowners.

It is the first time Soviet ships have been insured directly outside the Soviet Union, although Soviet insurance organisations have sometimes laid off some of their liabilities through reinsurance in the London market.

Underwriters said the deal marked a breakthrough in the marine market which they hoped would lead to a substantial part of the Soviet merchant fleet of more than 7,000 ships being insured in London.

Mr Derek Wills, chairman of the Lloyd's Underwriters Association, which represents marine underwriters, said the deal was very significant.

"This is the first time in memory that this business has come out of Russia, and I believe it has been encouraged by the Soviet authorities," he said.

Mr Wills thought other business might come to London from states affiliated to Comecon – the organisation which promotes economic co-operation between Eastern European countries.

"I think the Comecon countries are coming in and placing insurance in the market as part of the process of glasnost, and we are very pleased about that," he said.

Mr David Low, chairman of Tyser Low, said the Soviet team had talked to a number of brokers. "They came into London to seek coverage because they knew it was still the centre of the marine insurance market, and they would get the most competitive quotes here."

NEWS IN BRIEF

Building in City is sold for £145m

STANDARD CHARTERED, the international banking group, has sold its Bishopsgate headquarters in the City of London to Kumagai Gumi, the Japanese property and construction group, for £145m.

It is one of the biggest property transactions in the City and provides further evidence of foreign interest in buying.

The amount is some £50m less than Standard Chartered hoped it might receive last June, when it disclosed its intention to sell.

Construction decline

THE VALUE of UK construction output fell by 2 per cent in the third quarter of 1989 to £8.57bn, the Environment Department said yesterday. The figures, expressed at constant 1985 prices, reflect the continued downturn in the industry since the peak of activity in the first quarter, when output was valued at £8.77bn, although the value of output remains 4 per cent higher than in the third quarter of last year.

The department said total new work was down by 1 per cent on the previous quarter, but 5 per cent higher than in the equivalent period a year ago.

Engineers' prospects

THE MOVE from traditional to high technology industry has resulted in increased demand for highly qualified engineers, according to a survey of polytechnics and colleges from the Department of Education and Science.

The DES said last night it would investigate the high drop-out rate among graduates working for engineering companies.

Poll tax accusation

EXTRA state benefits intended to cover the cost of the community charge, or poll tax, for the poor will be inadequate, Mr Michael Meacher, Labour's social security spokesman, said yesterday.

Labour Party calculations showed that many on income support would be worse off in spite of government assurances.

Insider dealing fine of £15,000

By Raymond Hughes, Law Courts Correspondent

A MANAGEMENT consultant was yesterday fined £15,000 after admitting what the prosecution described as "a most blatant case of insider dealing."

Mr John Hales, senior partner of Hewitt Associates, of St Albans, pleaded guilty at Watford crown court to making use of unpublished price-sensitive information when he bought 2,500 shares in Minet Holdings.

Mr Tudor Owen, prosecuting for the DTI, said St Paul, a US insurance company, had reached an agreement in principle on November 24, 1987 to take over Minet.

The following day, Mr Douglas Leatherdale, then a St Paul executive vice-president, asked Mr Hales to devise an incentive scheme to ensure that senior Minet executives stayed on after the takeover.

Within hours, Mr Hales bought 2,500 Minet shares at £3 a share. He sold them three weeks later at £4.50, with a £3,415 net profit.

Mr Owen told Judge Hickman that Mr Hales had abused his position as an adviser and taken unlawful advantage of price sensitive information given to him in confidence.

Mr Owen said Mr Hales's dealings had come to light as a result of normal stock exchange surveillance. Interviewed by DTI inspectors, Mr Hales had denied being told by Mr Leatherdale that St Paul was making a bid for Minet. He had claimed he had bought the shares on the basis of an article in the Financial Times suggesting a bid would be made.

Mr Owen said there had been no speculation about such a bid in the financial press.

Mr Simon Mehigan, defending, said Mr Hales claimed that Mr Leatherdale had not specifically mentioned the takeover. "But on reflection he now accepts that the information given to him by Mr Leatherdale, together with what he had read in the financial press, caused him to purchase the shares."

Plan to align legislation with EC

By David Barchard

GOVERNMENT proposals to bring the law on insider dealing into line with the latest European Community directive were announced yesterday by Mr John Redwood, the corporate affairs minister.

The proposals, approved by the Council of Ministers in Brussels on November 13, simplify the definition of insider trading by linking the offence to transactions carried out by individuals authorised under the Financial Services Act to deal in securities rather than to deals done through a recognised stock exchange.

They also offer a clearer definition of who counts as a member of the public for the purposes of dealing. This is in line with recommendations made to the Government by the London Stock Exchange.

The legislation has been prompted by the need to bring UK law on insider dealing into line with the EC directive, but an overhaul of the UK law was widely regarded as overdue.

The last three prosecutions brought under the 1985 Company Securities Act have all failed.

Mr Redwood said yesterday the proposals for changes in the law, in a consultative document published by the Department of Trade and Industry, went beyond the minimum requirements in the directive.

The consultative paper outlines Government's proposals for the legal definition of inside information; securities; insiders; and the availability of defences.

It presents proposals for a fresh approach to deciding which transactions would be covered by the new law.

The proposed legislation would not only make it an offence to trade using insider information or to encourage others to trade, but would also make illegal the procurement and disclosure of insider information which could be used for trading.

SE to investigate Dixons share deals

By Peter Berlin

THE Stock Exchange has written to UBS Philips & Drew, the securities house, asking it to co-operate in an investigation into transactions on the traded options market on the eve of Kingfisher's bid this week for Dixons.

UBS is one of the two brokers advising Kingfisher. The other is Barclays de Zoete Wedd.

Dixons was the most-traded stock on the London Traded Options Market on Tuesday with 2,601 contracts changing hands, a level well above its normal volume.

Mr Chris Royale of the London Traded Options Market said that all suspicious dealings are investigated as a matter of course. When asked whether the buying of Dixons options on Tuesday was suspicious he said: "From what we read in the papers you might think it was."

Mr Rudy Mueller, chairman of UBS, said yesterday that the firm had dealt in around 1,000 options contracts on Tuesday afternoon, which represented 1m Dixons shares.

"The important thing is that we dealt exclusively on agency business and did not deal one single contract as a house," he said.

Mr Mueller confirmed that UBS had received a letter from the Stock Exchange. "We are totally co-operating," he said. "We have already sent the Stock Exchange a full letter and told them what the investigation should be about," he said.

Mr Mueller said he had no idea who was the ultimate buyer of the contracts. Mr Geoffrey Redman Brown, the UBS press officer, said "We are as anxious as the Stock Exchange to identify the buyer."

Traded options dealers said that the nature of trade in Dixons contracts on Tuesday suggested that a bid was in the offing. Activity in the traded options market had signalled several recent bids.

Channel 4 chairman threatens to resign

By Raymond Snoddy

SIR RICHARD Attenborough, the Channel 4 chairman, yesterday threatened to resign if the Government goes ahead with its intention to make the future appointment of Channel 4 independent directors subject to government approval.

"If the provision received Royal Assent, I would not wish to continue as chairman of the channel," said Sir Richard. He said the board was unanimous that the government proposal was "utterly unacceptable."

Under the Government's broadcasting bill published on Thursday, the channel will sell airtime in competition with other commercial channels. The independent directors will be appointed by the Independent Television Commission subject to the approval of the Government.

In a television interview, Mr David Mellor, Home Office minister responsible for broadcasting, said the Government would have a right to look at the names put up by the ITC "and if any one or two are unsuitable we will say so."

Mr Michael Grade, the Channel 4 chief executive, said: "I cannot cannot think of any reason for this other than that they want to exercise control. We will fight it all the way to Royal Assent."

Broadcasters were yesterday trying to assess a remark by Mr Mellor on BBC's Newsnight programme implying that the ITC could intervene in the competitive tenders in the interests of continuity.

"In exceptional circumstances, the ITC can go below the highest bid. It might well need to do that, for instance to ensure that there is a significant element of continuity between the old ITV system and the new Channel 3," Mr Mellor said.

Some broadcasters were also concerned over the implications of bringing broadcasting under both the Obscene Publications and the Public Order Act for the first time.

Continuous TV coverage of Commons ended

By Raymond Snoddy

THE BRIEF experiment of offering continuous television coverage of debates in the House of Commons by satellite television came to an abrupt halt yesterday after only two and a half weeks.

MPTV – carried on the Luxembourg television satellite Astra – was dependent on a spare channel being available.

Yesterday Mr Pierre Meyrat, director-general of Société Européene des Satellites, which owns Astra, announced that four German channels had simultaneously decided to take channels on the satellite.

The best chance for a return of continuous parliamentary television lies with the launch of a second Astra satellite next October or November.

Public schools attract a new class of customer

David Thomas begins a series of three articles about the growth of private education

MR John Keyte, headmaster of Beaudesert Park, a prep school near the Gloucestershire town of Minchinhampton, wanders round his class of a dozen 12-year olds who are struggling with an Eton scholarship exam question in physics. "This one's down for Eton, he's heading for Malvern, she's going to Cheltenham Ladies College . . ."

Meanwhile, at Westminster, one of the leading public schools which are the target of the prep school exam machine, 16 first-year pupils in the middle of a chemistry lesson move easily between the lab and lecture areas to be found in all the classrooms in the school's new £3.8m science complex.

And at the Mount School, York, a girls' senior school, also with high academic standards, but with a less conventional ethos thanks to its Quaker roots, two girls take over the morning meeting (religious assembly) to propose that the school sets up a junior branch of Friends of the Earth.

Snapshots of Britain's independent schools reveal two things. First, the variety which has always existed in the system – between schools of different sizes, with different traditions, strengths and cultures – has become even more pronounced in the 1980s.

Greater diversity has been introduced by two trends: the move by many boys schools towards co-education and the growth of new options like weekly boarding.

Second, the 1980s have been good to most, if not quite all of the independent sector. It is a sign of the times that the first company centred on private schools is about to be floated on the Unlisted Securities Market.

Mr Kevin McNeany bought his first prep school, Moor Allerton in Manchester, in 1980. Now his Didsbury-based company, Nord Anglia, has grown to encompass 16 private schools and other educational interests.

The private sector educated 5.8 per cent of the full-time pupils in England in 1979. A decade later, its share had risen to 7.2 per cent.

A large slice of the demand in the 1980s has come from "first-time buyers": both parents of about one in four of the children entering independent schools were themselves educated in the state sector, according to a survey by the polling organisation, Mori.

There is no mystery behind the shift towards private education. First-time buyers echoed other parents by coupling dissatisfaction with state schools with appreciation of the private's sector's traditional virtues such as discipline and smaller classes. Also important, though usually unstated, are class feelings – the view that everyone "like us" educates their children privately.

Economic growth coupled with tax cuts for higher earners in the 1980s have fuelled the private sector boom. They have been enough to offset spiralling school fees which have regularly outstripped increases in inflation.

The pressure for places has resulted in many new private schools, particularly in areas like London and the south east, which have fared well during the decade.

Outside the main private school associations, however, some schools offer few advantages over the state sector beyond the cachet of private education. Mr John Rae, former headmaster of Westminster, ruffled feathers in September when he depicted some schools as "badly-run refugee camps."

He added: "These schools survive because they prey on the dissatisfaction of parents with the maintained sector."

Yet there is another side to the success story. The absolute numbers of pupils passing through the independent sector in England fell after 1980, not regaining their 1979 level until 1987.

The private sector, like the state system, suffered from the sharp decline in the numbers of children – but pupil numbers in independent schools fell much less markedly than in state schools.

Changing social attitudes among parents have combined with the demographic roller-coaster to squeeze a particular segment of the private system, boarding schools. Parents have shown a growing reluctance to send their children away.

Day schools have flourished,

Westminster: some schools like refugee camps, says former head

offering the added advantage of much lower fees. A generation ago, schools in the main prep school association educated 29,000 boarders and 23,000 day pupils, the respective figures now are 23,000 and 89,000.

Weekly boarding has also emerged as a popular compromise, suited to the growing tendency for both parents to have demanding jobs.

Beaudesert Park – which, like most prep schools, mainly serves a local catchment area, in its case Gloucestershire – is typical of many schools in its evolution.

When its head, Mr Keyte, took over in 1970, it was a boys only boarding school catering for 90 pupils. By stages, he introduced day boys, girls and weekly boarding, with the most recent innovation being a pre-prep school, catering for 4-8 year olds – a booming area throughout the private sector.

As a result, the school now boasts more than 200 pupils. Mr Keyte has a simple explanation for all these changes: "It's what parents want," he says. "I don't think there's a future for all-boarding in the West Country schools."

Yet parents who hanker after the old model can still find it. Miss Barbara Windle, headmistress of the Mount School, York echoes many champions of girls-only education: "Our girls get proper role models of women in authority positions. They get leadership chances which normally go to boys."

Next: co-education and girls' education.

EMPLOYMENT

Shorter hours deal agreed

By John Gapper, Labour Editor

MANUAL workers at Smiths Industries' Cheltenham plant are to return to work on Monday after yesterday approving an agreement that will cut their working week to 37 hours by November 1991.

The settlement is the second 37-hour week deal achieved in the campaign by engineering unions for a shorter working week. Both the 1,500 manual workers and 1,700 white-collar staff at the Cheltenham plant will get a reduced working week.

Mr Bill Jordan, president of the Amalgamated Engineering Union, described the Smiths agreement, which commits unions to productivity improvements without specifying their form, as a blueprint for a resolution of the campaign.

Mr Jordan said the deal recognised that workers had already contributed to productivity improvements at the company, and would continue to do so. There was a clear commitment to reduce unit labour costs in ways to be agreed.

Under the deal, there will be four phased half-hour cuts in the weekly working hours of manual employees, who currently work 39 hours.

The final cut in November 1991 will also apply to white-collar staff, who now work 37½ hours.

The deal also includes a 7.6 per cent annual pay increase for manual workers. Managers and union leaders are to start discussions on ways of implementing changes in working practices to finance the cuts.

Mr Derek Jackson, managing director of the Cheltenham plant, said the agreement would not increase unit costs, and would enable the company "to bid prices which win business." It would also give greater operating flexibility.

The agreement talks of changes in working practices, and improvements being made in workers' skills along with the achievement of greater flexibility. It also allows for general discussions on changes in work organisation.

The agreement was approved by leaders of the Confederation of Shipbuilding and Engineering Unions on Thursday. It follows another 37-hour week agreement reached with NEI-Parsons in Newcastle-upon-Tyne.

Mr Jordan said "intense negotiations" were continuing with Rolls-Royce, which is thought to have offered a 37-hour week tied to productivity improvements at its plants in Hillington, Glasgow and Derby. Manual workers at Hillington are on strike.

Strikes are also taking place progress at British Aerospace's plants in Preston, Chester and Kingston upon Thames. The company has offered a 37-hour week provided that the cuts are strictly self-financing.

Telecom managers threaten to strike

By Lisa Wood, Labour Staff

REPRESENTATIVES of managerial staff at British Telecom announced yesterday that they planned a strike ballot in the new year as part of the escalation of their campaign in support of a 1989 pay claim.

The Society of Telecom Executives, which represents BT's managerial and professional staff, said that timing of the strike ballot would be dependent on the progress of talks with management.

Should a national strike be called it would be the first by BT's professional and management staff.

The dispute started in June and concerns the imposition of an unagreed 7.5 per cent pay offer and the offer of individual contracts for senior staff covered by the negotiations – a move which the union has described as an attack on collective bargaining. The majority of those middle-to-senior-ranking staff asked to take these contracts accepted them.

A BT spokesman expressed surprise at the union's plan for a strike ballot and said: "As far as we are concerned the negotiations are continuing and we have a meeting arranged with the union next week."

The STE said the decision to hold a strike ballot, if the dispute was not resolved, illustrated the seriousness of the situation.

Mr Simon Petch, the STE's general secretary, said the decision of a special conference this week to hold the national strike ballot early next year was an indication of the mounting anger among BT's managerial and professional staff. "It will demonstrate their disgust at the company's inability to manage the pay of those on whom it must depend for its future success," he said.

The STE is asking its members not to take temporary promotions into vacant posts. Managers, unless they work on fixed-shift rotas, will be asked also not to work at weekends.

So far the industrial action has not affected services to the public but has it had an impact upon BT's internal organisation, including work on new dialling codes in London which are scheduled to be introduced next year.

Employers must not bar union members

By Our Labour Editor

EMPLOYERS are to be barred by the Government from discriminating against union members in recruiting workers. Union members who believe they have been discriminated against are to have the right to complain to an industrial tribunal.

The change to the forthcoming Employment Bill will establish a parallel with the right of complaint to an industrial tribunal for people who are not given jobs because they do not belong a union.

The move against the pre-entry closed shop is one of the key elements of the Employment Bill. But Mr Norman Fowler, Employment Secretary, is now expected to include the balancing right for union members in the Bill.

The right to belong to a union will not be extended to members of the armed forces, the police, or employees at the Government's GCHQ communications centre at Cheltenham. There is a ban on union membership in each of these areas.

The move is likely to be used by Mr Fowler as evidence that the Government is even-handed in its approach to union membership. In particular, the amendment will bring Britain in line with the European Commission Social Charter.

The Social Charter, which Mrs Margaret Thatcher opposed in Strasbourg yesterday, says that every employee and employer should have the right to join a trade organisation of their choice without being discriminated against.

However, the charter says that each member country should have the right to determine whether the right to union membership should be extended to the armed forces, the police and the civil service.

The exact terms of the right of complaint to an industrial tribunal for union members who are discriminated against in recruitment has not been decided. However, it is likely to match the terms of the pre-entry closed shop ban.

Under the green paper proposals, a non-union member who was discriminated against would have a right of complaint similar to that in cases of race and sex discrimination with the possibility of compensation of up to £8,500.

Workers split over fresh Vauxhall offer

By John Gapper

WORKERS at Vauxhall, the motor manufacturer, were split yesterday over whether to accept an improved two-year pay offer from the company. Votes at Vauxhall's plant in Luton and Ellesmere Port took place as a sixth one-day strike hit Ellesmere Port.

At Ellesmere Port, 1,600 members of the AEU engineering union and 185 EETPU electricians' union members voted in favour of the offer. However, 2,400 members of the TGWU transport union voted against it on Thursday.

At Luton, the company said a meeting of AEU and TGWU members had voted narrowly against accepting the offer. However, members of the EETPU voted in favour of acceptance in a ballot. A separate vote was being held in the parts section of the plant.

The Ellesmere Port plant was halted when TGWU members went ahead with a one-day strike, the sixth at the two plants after the unions' rejection of Vauxhall's offer, which was improved on Wednesday.

Vauxhall has offered to bring forward a bonus of £350 due to be paid next April. The company also offered to start talks on cutting the working week, with a result to be achieved by January 1991.

The company said that it was prepared to reach an agreement on reduced working hours provided that there was no loss of output in quantity or quality and no rise in unit labour costs.

The company's 9,000 workers rejected a previous offer of 9.7 per cent in the first of two years, together with a lump sum of £200, and £5 a week on top of the rate of inflation in the second year.

The company said that it expected to hear the result of the ballot on Monday from the union side of its national negotiating council.

However, it said it was unhappy at the lack of clarity of the votes.

Revised pay deal for bakers

By Lisa Wood

BAKERY workers' shop stewards will meet on Monday to discuss an improved pay offer made by the Federation of Bakers.

The federation, which is representing Allied Bakeries, part of Associated British Foods and British Bakers, owned by RHM, increased its offer yesterday after a meeting at the Advisory Conciliation and Arbitration Service (Acas). If an improved offer had not been made industrial action could have severely affected Britain's biggest bakeries in the 10-day run-up to Christmas.

The employers last month offered a 7.6 per cent rise and one day's extra holiday in 1991. The offer was rejected by members of the Bakers, Food and Allied Workers' Union with workers authorising unspecified industrial action in a ballot. The union was seeking 10 per cent plus extra leave now.

A statement by Acas yesterday said that after a meeting – which resulted in an improved offer – the federation and the trade union had agreed that there would be no further comment until Monday. Allied Bakeries and British Bakers are Britain's two largest bakers and party to a national agreement with unions.

Legislation on Esops criticised

By Richard Waters

LEGISLATION on employee share ownership plans (Esops) in this year's Finance Act did not go far enough, the Industrial Society has said in a letter to Mr John Major, the Chancellor of the Exchequer.

Some aspects of the law "operate to restrict advances in employee participation which might otherwise have been achieved," it says.

The Industrial Society points to five areas of concern:

- Employees, who must make up the majority of the trustees to a plan, lack the "thorough training" and professional back-up needed for the job. Instead, it calls for trustees to reflect "a balance of management, employee and expert views."
- Part-time employees should be able to participate in an Esop, provided they meet the qualifying length of service.
- Institutional investors place tight limits on the number of shares that can be issued to SAYE share schemes. Such schemes could be enhanced if the law was changed to allow schemes to become an additional way of distributing shares from an Esop.
- Owners of private companies who sell their shares to an Esop cannot claim roll-over relief for the capital gains tax liability that arises. This discourages such owners from considering this as a route when they want to sell up.
- Many public companies want to encourage employee share ownership, but are put off by the technical and other restrictions in their path. They "will not, and cannot, introduce an Esop until there are significant financial advantages from doing so" – although the society does not suggest what form those should take.

Crash worthiness researchers unanimous.

Saab safest

Two independent research groups have released data on almost 7 million car accidents in the U.S. and Sweden. Both reached the same conclusion: the Saab 9000 is the safest car.

Saab is twice as safe as the average car in its size class (one that includes the BMW 500 series, the Volvo 7 series and the Lincoln Mark VII). This is the result of a study of 6 million accidents in the U.S. made by the HLDI, Highway Loss Data Institute.

Sweden's largest automotive insurance company, Folksam, studied the results of 900,000 car accidents. They rate Saab more than 30% better than its nearest rival, which is itself considered a very safe car.

Folksam safety researcher, Dr. Claes Tingvall, comments:

"If people were aware of the huge differences in car safety, proven crash worthiness would be a major aspect in their choice of car."

What researchers don't tell you.

How Saab helps you avoid accidents.

Magnus Roland, Saab chassis designer, has this to say:

"When designing a Saab, the first safety priority is to help the driver avoid danger. You've got to be one step ahead of events to prevent accidents. The car has to be capable of showing its feelings and 'sense' what the driver wants.

In a potentially dangerous situation, Saabs act in a simple, predictable way to help the driver steer clear of trouble.

In an accident, 'passive' safety features (crumple-zones, safety cages, safety belts, belt tensioners) come into play to reduce the consequences."

German car magazine *auto, motor und sport* wrote:

"In snowstorms at the Arctic circle, in rush-hour chaos or at full throttle on the autobahn, this car inspires confidence, and creates a feeling of security and safety".

Are they right? Can you feel the safety in a Saab?

Find out for yourself by test driving a Saab at your nearest dealer. They will fill you in on the details.

SAAB

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Emu's threat to London

PRACTITIONERS in the financial markets are not much given to the kind of macroeconomic abstraction and procedural argument that has dominated recent discussion of European economic and monetary union (Emu). Yet a decision at the Strasbourg summit this weekend to proceed with an inter-governmental conference to establish an institutional framework for monetary union would unquestionably have a bearing on the future competitiveness of London as an international financial centre.

Indeed, many politicians who favour a federal Europe argue that the City will be a notable casualty of Mrs Thatcher's lack of enthusiasm for full participation in the European Monetary System. London, they argue, is the natural home for a European central bank; yet it can hardly expect to win that prize while Britain is not a member of the exchange rate mechanism of the EMS – worrying, given that the financial sector, broadly defined, accounts for nearly 14 per cent of gross domestic product.

The federalists are probably right in thinking that Britain will be unable to exert due influence on the reshaping of the Community's monetary institutions if it is not a fully committed participant in the process. Where they are wrong is in their estimate of the size of the prize. For while the location of a new central bank elsewhere would be a symbolic blow, it is highly unlikely that this would spell an end to London's hegemony in the European time zone.

Autonomous body

The Delors report on economic and monetary union makes it clear that the formulation and implementation of monetary policy would ultimately be handled by an autonomous institution at Community level, which would also be responsible for exchange rate management *vis-à-vis* non-Community currencies. It adds that "centralised and collective decisions would be taken on the supply of money and credit, as well as on other instruments of monetary policy including interest rates." Within such a system the Treasury's rôle in British monetary policy would become redundant and the Bank of England would become simply one European voice among many. The unanswered question is how precisely open market operations would be conducted.

No doubt national banks within the federal system would retain some responsibility in day-to-day money market operations. While the Delors report specifically precludes European central bank lending to public sector authorities, it does recognise the need for purchases and sales of government securities for the purposes of monetary management. So if a centralised market in government debt were created somewhere other than London, that would undeniably be a loss to the City.

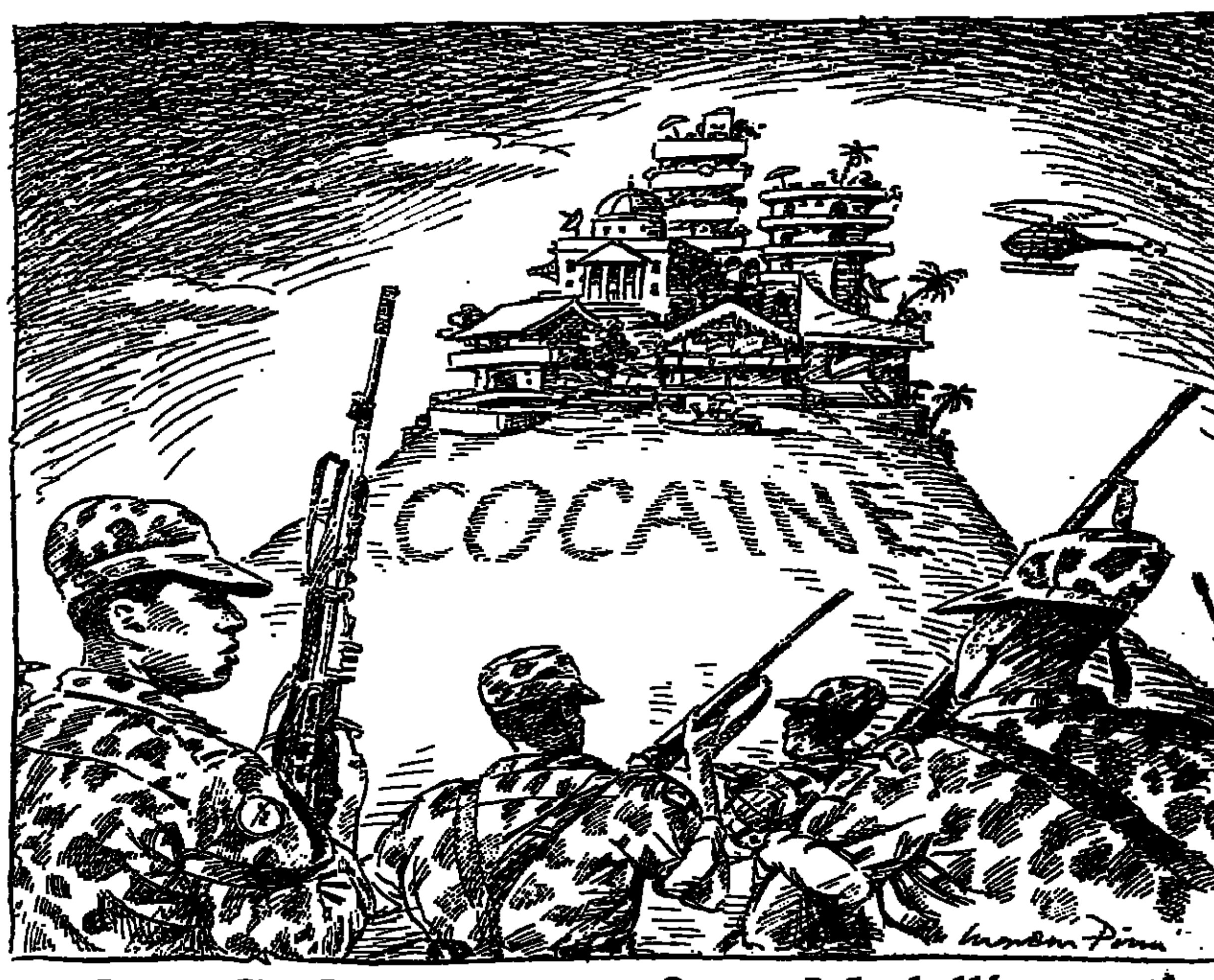
Note, though, that London has still managed to win substantial D-Mark business from Frankfurt even though the Bundesbank is already the *de facto* central bank of the Community. In an era of screen-based international dealing the decision on the location of a committee of European central bankers might not mean that all government bond dealers would physically decamp to Frankfurt or Brussels.

Unofficial activity

In reality London has never in the post-war period owed its real competitive strength to playing host to official markets. Most of the growth has come from unofficial activity, notably in the Euromarkets. By operating an open-door policy for foreign banks and running a relaxed regulatory regime for international business the Bank of England attracted substantial market activity from more highly regulated centres such as New York and Tokyo. These advantages were then magnified by external economies of scale, together with good skills, infrastructure and a benign legal and tax environment.

Ironically, the more potent threat to London comes not from Mrs Thatcher's objections to the EMS but from her determination to make liberalisation a condition of British participation in the exchange rate mechanism. For the liberalisation of markets in other financial centres can only erode London's competitive edge. The principle is well illustrated by this week's news that Japan's Ministry of Finance is considering taking Japanese equity warrant business from London back to Tokyo, where such business has hitherto been barred by strict regulations. These instruments are the biggest single component of London's huge Eurobond market and have accounted for $55bn of new issues this year.

That is big even in relation to the borrowing requirement of Italy, which accounts for nearly 29 per cent of the Community's government debt. And the potentially damaging loss underlines the fact that the future location of a European central bank is far from being London's most pressing concern.



Robert Graham reports from Medellín on the fight against the drugs cartels

Colombia's unwinnable war

In the wealthy suburbs of Medellín ostentation dictates taste. Apartment blocks can be found faced in Tarrara marble. Inside, the Renaissance has been recreated down to the ultimate vulgarity of toilet paper printed with Botticelli's The Birth of Venus. As for entertainment, this is epitomised by a night club perched high on the slopes of the steep hills above the city with a huge smoked glass front and a parabolic dish fit for a missile tracking station.

Today, many of these luxury buildings put up so brazenly by the Medellín mafia, which dominates Colombia's multi-billion dollar drugs trade, are empty or unsold, with their owners gone to ground. Others have had their contents seized by the security forces in the three months since President Virgilio Barco declared an all-out war on the traffickers.

The fortress-like family apartment block of Pablo Escobar, the uncrowned king of the Medellín cocaine cartel, is heavily guarded by soldiers in combat fatigues. He is on the run with a $260,000 price on his head – recently eluding capture by escaping from a hideout in his underpants.

Is this a spectacular case of criminal pride coming before a fall? Colombia's drug barons have certainly over-reached themselves in their contempt for the state. On August 18, their hired gunmen assassinated Mr Luis Carlos Galán, the ruling Liberal Party's main presidential candidate and President Barco's preferred successor. This callous killing provoked the most concerted onslaught ever seen on the Latin American drugs trade. The drug barons have fought back with the ferocity of wounded animals, escalating to this week's truck bomb which exploded outside the secret police headquarters in Bogotá, killing 52 and wounding 653. Two weeks ago an Avianca airliner was blown up between Bogotá and Cali, killing 107.

"We can't say we are winning what is going to be a long drawn-out war," said Mr Carlos Lemos Simmonds, the Minister of the Interior, just before the latest outrage. "But they are on the defensive. We have shown that the cartels are not invulnerable . . . a sort of myth grew up that they were able to do anything, that they had the police and the military in their pocket. But the police and the army have responded very well."

He claims that the drug cartels centred in Medellín and Cali have had their organisational networks damaged at all levels – from production of cocaine and marijuana, transportation and protection, through to telecommunications, money-laundering and their investments. "Although we have yet to catch the big names, their organisations have proved more fragile than we thought," he adds.

Twenty per cent of the army is guarding mafia properties. Even the giraffes in Escobar's zoo are being fed by soldiers

Since August the Government has seized 1,300 properties, ranging from flats to some of the largest estates in Colombia. Over five tonnes of cocaine has been destroyed and a large number of suspect aircraft have been grounded (30 are sitting at Medellín airport). In 11 months almost 30 tonnes of cocaine have been destroyed against 18.7 tonnes for the whole of 1988. Security forces have seized triple the 1988 quantity of the essential precursor chemicals for the cocaine laboratories, acetone and ether.

The traffickers are also having to contend with President George Bush's anti-drug initiatives inside the US, which promise $65m of special direct assistance to Colombia. This ranges from seconded personnel and communications equipment to aircraft.

Furthermore, Colombia's plight has finally alerted the international community to the threat posed by the Andean cocaine business. As a result co-operation has accelerated on intelligence gathering, interdiction, money laundering, and in focusing on curbing demand. Britain, for instance, now has some 50 military and police experts in Colombia.

President Barco has so far kept his nerve in the face of the angry counter-attack from the cartels. However, the politics of next year's presidential election have begun to impinge. And the cartels are using greater violence in order to blackmail the Government into tearing up its extradition treaty with the US.

The Government, for its part, finds itself with an unforeseen problem. The property seized cannot be disposed of until the owners are proven guilty of a crime or the purchase is established to have been with "narco dollars." This has tied down almost 20 per cent of the army in guarding mafia properties. Even the giraffes in Pablo Escobar's private zoo are being fed by soldiers. The traffickers have bragged to the press from their hide-outs that the Government is doing them a favour by targeting properties which cost money to maintain.

All but President Barco's close associates question at what cost and how long this war can be sustained when he has less than a year left in office.

The plight of the judiciary is central to such doubts. Bribed, bullied, browbeaten and murdered by the mafia, the 25,000 members of the Colombian judicial system work in fear of their lives.

Mr Roberto Salazár, the Justice Minister, says with quiet resignation: "All the judges are clamouring for proper protection. But for the moment we have to limit this to a priority list of 300. These we will be providing with armour-plated cars, bullet-proof vests, secure buildings and extra bodyguards, at a cost of $31m." He is the seventh Justice Minister in four years, a grim reminder of where the front line is drawn in Colombia.

Doubts about the Government's stamina are reinforced by the continued need to cope with a residual guerrilla threat and an appallingly high level of common crime, ironically made worse by a cut in the circulation of narco-dollars caused by the clampdown. The murder rate in Medellín (population 2m) is averaging 10 a day; and the national football championships have just been abandoned following the murder of a referee who made himself unpopular with Medellín fans.

If this was not enough, the collapse of the International Coffee Agreement in July has undermined confidence and cut this year's economic growth to 2.7 per cent. Coffee earnings are likely to be down $400m, and Colombia may be forced to reschedule its $15.5bn foreign debt. To cover the unforeseen costs of the war and the coffee shortfall, Colombia is looking abroad for $1.2bn in aid.

President Barco has been vague in defining the objectives of his war. But government action has concentrated on breaking the Medellín cartel, which controls two thirds of all cocaine supplies to the US. Although the US authorities have issued a list of the 12 most wanted persons for extradition, only two have prices on their heads in Colombia – Pablo Escobar and Gonzalo Rodríguez Gacha ("El Mexicano"). These two are considered responsible for the most heinous crimes and undermining of the rule of law.

Yet the mood of scepticism over real results was typified by the private comment of a leading politician: "This war cannot be won so long as the objectives are unclear and demand is so strong for such a profitable product." Such doubts are reflected in lukewarm public support for President Barco – in sharp contrast to his backing abroad. Outrage over the Galán killing dissipated quickly in a country long numbed by violence.

The drug traffickers continue to benefit from society's ambivalence towards their activities. Colombians make few moral judgments about these people, who have been allowed to possess the best herds of cattle, own the most successful football teams and place their front men in parliament. Indeed the growing power from the profits of cocaine were not perceived as a threat to state security until the 1984 assassination of Mr Rodrigo Lara Bonilla, the Justice Minister. The security threat was seen to come from four leftist guerrilla groups – a view encouraged since the 1960s by successive US administrations concerned by Cuban subversion.

Elements in the Colombian military and some prominent landowners were prepared to use the cartels as a counterbalance to the left and in particular to the guerrillas in the countryside. This community of interest led to the formation of right-wing death squads which, according to recent government investigations, have been responsible for the bulk of political killings in the past two years.

Links between members of the armed forces and the cartels have reportedly been a handicap in the current offensive. At various stages since the Galán killing, the traffickers have made private soundings and issued public letters suggesting negotiations – the bottom line being no extradition to the US. Some politicians like Mr Juan Gómez Martínez, the mayor of Medellín, have responded sympathetically. Mr Gómez argues the war is both unwinnable and self-destructive and therefore that dialogue with all the traffickers and guerrilla groups is the only viable alternative.

He is in a sensitive position, presiding over Colombia's unofficial drug capital (a former mayor was murdered in September). But he says: "My proposal for a dialogue is made out of conviction, not cowardice."

His views are echoed in El Colombiano, the city's main daily, which he formerly edited. Incidentally, not a flicker of protest about doing such a deal has come from Medellín's influential business community. Continued warfare between the Government and the traffickers raises the prospect of recession in the city, which accounts for a fifth of Colombia's industrial production and which is suffering from a drop in cartel spending, on top of a halt to its $1.4bn metro project due to cost overrun.

Mr Gómez speaks for a broader constituency when he says too much is expected of Colombia. "If war has to be waged, then it must be total, involving every country in the drug chain – not the kind of war being waged now where Colombia is the one suffering the dead."

In this context it is hard to envisage how the long timescale required to reduce demand significantly in the US can be squared with Colombia's continued sacrifices to sustain the war.

Narcotics experts have been disturbed to discover that heightened interdiction of the drug trade since August has had virtually no impact on the US street price of cocaine. This had led Colombian and US officials to conclude:

'If war has to be waged, then it must be total, involving every country in the drug chain – not the kind waged now'

- that cocaine production is over 400 tonnes and at the highest end of their previous "guesstimates";
- that there is massive overproduction and large amounts have been successfully stored in warehouses;
- that increased interdiction at both ends is still eliminating less than a quarter of potential supply. Huge profits are still being made.

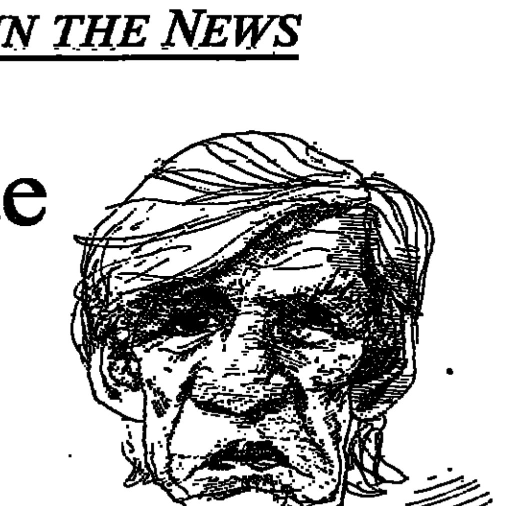
The profit motive means it is extremely difficult to ensure that any negotiation with the cartels will encompass all the traffickers. New, smaller groups are said to be waiting in the wings, while the cartels are diversifying cocaine production outside Colombia to neighbouring countries. The real war is about greed and poverty; but no one dares admit it touches on such insoluble problems.

MAN IN THE NEWS

Geoffrey Mulcahy

The polite smile of a very private man

By Maggie Urry



"IT'S NO FUN writing about me, is it?" murmurs Geoffrey Mulcahy at the end of the interview. As always, it is hard to tell whether the chief executive and chairman-designate of Kingfisher is being sarcastic or just self-deprecatory.

This week Kingfisher, the retail group which includes Woolworths, B & Q, Comet and Superdrug, launched a £568m bid for Dixons, the electricals retailer. Three-and-a-half years ago the boot was on the other foot; Dixons bid £1.8bn for Woolworth, as it was then known, and failed.

That turning of tables alone should mean Mr Mulcahy is an interesting character to attempt to unravel. But Mr Mulcahy, who is an intensely private man and hates being interviewed, seems to have developed a talent for keeping his depths well hidden.

He has a certain way of smiling – with the corners of his mouth turned down – when he does not want to answer a question. If pressed, ever-courteous, he comes up with a reply which gently deflects rather than repulses.

When Dixons bid for Woolworths it had, perfectly legally, set a team of private detectives to watch Mr Mulcahy and his co-director Nigel Whittaker, and their families.

The private eye's report was damningly dull. It described Mr Mulcahy's days beginning with "early-morning departures to work in his Daimler/Jaguar and an equally late return each day." It concluded: "We were unable to discover anything to the family's detriment in this area."

Mr Mulcahy is quietly-spoken, he has no small-talk, he looks relaxed. But his surface calm is belied by his habit of twisting paper clips, even occasionally chewing them. Half way through the interview he walks across the room to pick up some more paper clips from an ashtray full of them beside his desk. "There are tensions under the surface," says a colleague, "he takes them out on the paper clips."

Tall and lean, Mr Mulcahy looks fit. After many crooked smiles, and a slight blush, he admits it is true that the Boy Scout patrol he led was called Kingfisher. It is almost all he will say about his boyhood.

He agrees to being logical, methodical. Is he unemotional? First the down-turned smile, and then: "We do work very hard at what we're doing. We wouldn't do that if we weren't emotional about it."

Surely when Dixons bid in 1986 it must have been annoying, given that the Woolworth management team, installed by institutional backers in 1982, was just getting to grips with the company's deep-seated problems? "I didn't get annoyed about it – it was just one of those things. I don't want to hark back on it. As far as I'm concerned that bid is history."

Is there an element of revenge in the bid for Dixons now? "No." If the bid succeeds will he be pleased? "I'll be pleased we've won." Will he not indulge in a small, slightly malicious, smile? "No," he says, innocently.

"You don't get any brownie points by going in for revenge," he elaborates. He believes that by buying Dixons and sorting out the problems he thinks Dixons has, he can do his duty by enhancing value for his own shareholders.

Mr Mulcahy is of a completely different mould from the usual run of "retailing superstars" – typified by George Davies formerly of Next, or Sir Phil Harris, formerly of Harris Queensway – who started in retailing young and succeeded through intuition or "feel."

Born in Sunderland in 1942, Mr Mulcahy took a degree in physics and chemistry from Manchester University, followed by a postgraduate diploma. He went to Esso as a management trainee, and was sent to Harvard Business School for two years.

After 10 years with Esso, Mr Mulcahy moved to Norton Abrasives, a large US engineering company, to be its finance director in northern Europe. After three years he was head-hunted to work for British Sugar, under Mr John Beckett. After five years there British Sugar was taken over, leaving the Beckett team at a loose end. "Out of work," corrects Mr Mulcahy.

Meanwhile, City institutions had tired of the performance of Woolworth, still partly owned by its US parent. Mr Victor Blank at Charterhouse Bank put together a buy-out plan, code named Paternoster.

Mr Blank had the outline bid but no management team. The Beckett team was available, and an introduction was effected by a stockbroker. So began the difficult task of reversing Woolworth's decline.

Mr Mulcahy says: "The way I looked at it is that the task of managing a company through a period of change has similarities whatever the industry. You need to get the strategy right, the organisation of people right, the controls right, the execution right."

His career in oil, engineering and sugar was more useful than being a retailer would have been, he suggests. "If you have single industry experience you're very limited to that perspective." With a wider background, he explains, "you can apply a common approach to different situations in different industries, provided you are able to take the relevant bits of experience and apply them to a new situation. Just because something worked in XYZ company, it won't necessarily work in ABC company."

He does not condemn the intuitive retailers but argues that there has been a professionalisation of management in retailing as elsewhere. "To run a modern retail business you need a mix of skills," he says: those of the traditional retailer – understanding the customer, feel for merchandise – and also systems and logistics, marketing, finance.

Mr Mulcahy is "fascinated by the process of change, especially in big organisations." He says "I like to win, I like to have a lot of fun in so doing. The reason why I do things is because they are challenges."

What are his strengths? "I don't think I should answer that," he says modestly, but eventually will say: "I have a good strategic view of what needs to be done in businesses. I can implement those strategies. It's very important to me to play fair and square."

His faults, according to Nigel Whittaker, are that he is "bloody impatient and can interfere." Mr Mulcahy supposes he is impatient, but "I wouldn't say I interfere. I need to understand what is going on in the business." Others who work for him say he is "absolutely ruthless."

Aside from squash, Mr Mulcahy adores sailing. He has a boat. What is the boat called? "No comment." Is this Mr Mulcahy stonewalling again? "No," he says, "the boat is called No Comment."

The yearning for national unity

David Marsh talks to people in East Germany about their aspirations for the future

A poignant place from which to judge the starting pace of change in East Germany is the headquarters of the state security service, a beetling block bristling with cameras not far from East Berlin's Leninallee.

The six-storey building on the Normannenstrasse has come to symbolise the mailed fist of East German communism. A six-foot wall bars off the view to the centre of a vast network of agents whose job, for 40 years, has been to watch, control and, if necessary, brutalise the population.

That period – like many things in East Germany – now seems to have ended. What will take its place is not yet clear. But from the rubble of communism voices are emerging to urge, with increasing persistence, a form of confederation with West Germany. And this move towards German unity is arguably taking place too quickly for the comfort of the rest of Europe.

Yesterday, on the eve of an extraordinary party congress which will confirm the disintegration of the four-decade rule of the Socialist Unity Party (SED), passers-by in the Normannenstrasse showed scant regard for the hated security apparatus.

"I'm not afraid of it now. I used to be," said Mr Andreas Rutzer, a young man from the neighbourhood. Mr Wolfgang Noak, interviewed at the side of the wall, said the sweeping political changes of the past two months "are now irreversible."

Another man, inebriated at mid-day, lunged towards the concrete barrier and kicked it with a thud. "It must come down. Look at them – they have a palace in there! They have a shopping centre! They get things in there which we don't have!" he shouted, oblivious of the guards.

Inside the building, Mr Erich Gerhardt, the head of what is bureaucratically known as the "reception department," confirmed that the wall along the street will be officially demolished next week as a sign of the new openness.

On Thursday, a citizens' deputation was taken for a look round, which included an inspection of the near-by prison. A shining new metal plaque outside the entrance bears the name, Office of National Security. This replaced last month the old, feared appellation, Ministry of State Security, run for decades by Mr Erich Mielke, who was arrested yesterday and who was one of the stalwarts in the regime unseated in October.

"Mr Mielke – I don't know him," says Mr Gerhardt, in a not-quite-convincing show of indignation.

Manfred Gerlach, East Germany's interim President (right) with Bishop Karl-Heinz Ducke at the start of round-table talks with opposition groups this week

An elderly couple trundling a shopping trolley along by the wall, Hildegard and Erich Hünecker, said German reunification was inevitable. Referring to revelations of corruption under the former leadership, Hildegard said: "We didn't guess that things were so bad." I asked them about the resemblance of their name to that of Mr Erich Honecker, the deposed leader who is now under house arrest at Wandlitz, outside Berlin. "We don't want him. He has tricked us enough already," said Hildegard.

Mr Honecker's plight is one of many ironies of the changing of the East German guard. The new government this week declared an amnesty for 15,000 prisoners. The six-foot wall around the forest settlement of Wandlitz was built in the 1950s to protect the communist leadership. Now, Mr Honecker – responsible for building the Berlin Wall in 1961 – is himself incarcerated when, all over East Germany, walls are coming down.

Popular anger has focused above all on the weekend houses and hunting lodges built with secret state funds for Mr Honecker and his cronies. A reporter on East German radio yesterday described visiting the hunting estate north of Berlin maintained for Mr Honecker and other top leaders.

For the aged SED chiefs, stalking deer was too much like hard work. Forest workers have now disclosed that the animals are "as tame as pets." The SED leaders – above all, Mr Honecker's former economic czar, Mr Günter Mittag – used to pick them off from well-constructed platforms. Fretting over the destruction of woodland, the East German reporter said, with a touch of ecological outrage: "I am less concerned by the moral damage than by the harm to flora and fauna."

The East German Communist Party's collapse over the last two months and the likelihood that it will be just one of a large number of contestants in free elections, probably to take place next May, has turned many established communists into overnight reformists.

One of these was Mr Egon Krenz, for six years a member of the Politburo, who was deposed last weekend after only six weeks as successor to Mr Honecker as party chief. Another with only marginally more credibility is Mr Markus Wolf, the former spy chief, who has emerged as one of the key figures behind the weakened but reshaped SED.

One SED delegate yesterday said the party now had to "overcome the past" – using exactly the same expression as that used in West Germany to describe the Federal Republic's efforts to shake-off the Nazi heritage.

Professor Carl-Christoph Schweitzer, a leading West German political scientist with strong contacts with East Germany, says there are two imponderables to the East German revolution which could still be decisive. One is the unresolved response of the army (including the role of Soviet forces in East Germany). The other is the population's problem of adjustment after 40 years of rigidity and indoctrination.

Both East and West Germany now agree on the need to build-up confederal links. Inter-ministerial meetings will take place next week to plan co-operation on the economy, transport, telecommunications and the environment ahead of a summit in Dresden on December 19 between Chancellor Helmut Kohl and Mr Hans Modrow, the East German Prime Minister.

Mr Stefan Heym, the veteran East German novelist, is one of the most bitter about the danger of a "sell-out" of a debilitated and disillusioned East Germany to the economically dominant Federal Republic. Expressing the dismay of millions of East Germans who either did not know about, or turned a blind eye to, the ill-doing at the heart of the system, Mr Heym wrote this week: "The façade has crumbled away – and we see how little that is solid there was underneath."

A declaration promoting East Germany's continued need for independent existence is being circulated by Mr Heym and his supporters as a countrywide petition. But only a minority of East Germans seem likely to sign it.

An East German Protestant churchman is promoting an alternative declaration placing more emphasis on national unity. The street demonstrators' calls for some form of reunification are growing and the new Culture Minister in East Berlin has proposed that the words of the East German national anthem – containing a reference to one fatherland – should be sung again.

Mr Hans-Otto Furian, a spokesman for the Protestant Church, says: "For 40 years we have been run by a regime which treats people as foreigners in their own land." Mr Furian thinks talk of mounting turmoil is over-done, pointing out that the trains and buses are still running and the people are still demonstrating only after work.

But he sees a confederation as inevitable: "I doubt if the German Democratic Republic will be viable on its own." The Church, what is left of the SED, and all the other random political forces stirring in East Germany's troubled soul, know that the tougher the coming winter, the stronger will be the temptation of union with the West.

The Black Death and Lord Reith's ghost

Raymond Snoddy explores the implications of the Government's Broadcasting Bill, out this week

Hint to the Home Office that its new broadcasting bill is less than perfect in every particular – and you walk smack into the ghost of Lord Reith, the puritanical, founding managing director of the BBC. Home Office ministers never tire of repeating Lord Reith's notorious remark of the 1950s, likening the introduction of commercial television to the Bubonic Plague.

The simple syllogism goes like this. Lord Reith opposed change. Lord Reith's views in retrospect are ridiculous. Therefore the opponents of the bill – which provides for commercial broadcasting licences to be allocated ultimately to the highest bidder – are hidebound, Reithian figures unable to cope with change. The reality of the new legislation and its impact on British commercial broadcasting is rather more complicated than that.

As an almost inevitable consequence of Government determination to encourage greater choice and competition, uncertainty is being created. This uncertainty will last to 1993 and beyond and coincide with growing competition from cable and satellite channels.

Three issues of ownership are at its core, linking doubts about how many of the 16 ITV companies can survive the tender process, with the possibility of continental European ownership of British broadcasting licences and, finally, the fact that now it will be possible for broadcasting companies to be taken over.

The most controversial change is that franchises will be awarded to the highest bidder, after applicants have passed a quality test to ensure they can actually make the programmes they promise. The sealed "brown envelope" competitive tender means there is no guarantee that any of the existing 16 ITV companies will survive the process. Critics of the plan point to the danger of overbidding by those desperate to get into the television industry who will then have to try to recoup their investment by shaving programme budgets.

Lord Thomson, former chairman of the Independent Broadcasting Authority warned in a BBC interview last night, that the glitter of the television business has a dangerous fascination for entrepreneurs. "There will be a great temptation for people to over-bid, and having over-bid, the pressures to reduce the cost of programming will be quite severe," Lord Thomson said.

At the very least the conflict between an adequate return on investment and the carrying out of programme promises could lead to a period of tension and possible litigation as the new Independent Television Commission tries to impose its will on commercial broadcasters.

By sticking so resolutely to competitive tenders the Government is inevitably opening up British commercial broadcasting to European Community ownership. It would be illegal under the Treaty of Rome to discriminate against French, German or Italian media companies in a competitive tender for Britain's broadcasting licences.

Mr George Eccles, head of the media group at Deloitte Haskins & Sells, the accountancy and consultancy group believes that overseas consortia "have both the money and the expertise and their entry into this sector will change the face of the UK television industry as we know it."

From January 1 1993, the day the new 10-year franchises begin, dawn raids will be possible on the shares of those of the new broadcasters which are public companies. The Government has so far rejected pleas for a moratorium on the takeover of TV companies.

The doubts over who will be broadcasting in 1993, how vulnerable those companies will turn out to be to takeover, and what resources they will have to spend on programmes will shape the output of British commercial television through the 1990s.

But the uncertainties likely to be caused by what is actually in the bill are more than matched by what is not there.

No attempt has been made to spell out what will constitute the initial quality threshold. The Government places great reliance on this to preserve standards and ensure that only companies capable of making high quality programmes get through to the final bidding round. Nor is there any attempt to define what is meant by "high quality" programmes.

The Government has also not made it clear whether there should be a Channel 3 network, or not, although in the white paper this was left up to the new franchises holders themselves. Without agreement on a national network to exchange programmes a bidder would have great difficulty knowing what proportion of his schedule he would have to make or buy himself. Without an accurate picture of programme costs it will be almost impossible to value a bid.

This uncertainty is compounded by the lack of a start date for the new Channel 5.

Mr Robin Foster, of National Economic Research Associates warns that any prospective bidder for a Channel 3 or Channel 5 licence will need to know the decision of the Independent Television Commission on all those issues to make a sensible bid. "If answers are not made clear by the time bids are submitted the tender process will be a farce," Mr Foster predicts.

Although the Government is already facing widespread criticism of its tender plans for franchises, another, smaller auction could cause it even greater difficulties with the electorate. This would allow the televising of big national sporting events such as Wimbledon, the Grand National and the Cup Final to go to the highest bidder. At the moment, the BBC and ITV companies have the right to match the highest bid for a list of national sporting events.

The first time one of those events is snapped up by satellite broadcasters, so that only those with satellite equipment can watch it, could cause an outcry from millions of viewers.

It is not clear whether Lord Reith would have likened the auctioning of the television rights to Wimbledon to the highest bidder to the Black Death or not – but there is little doubt he would have been against it.

LETTERS

Baked to a turn at Strasbourg

From Mr Erik Holm.

Sir, It is indeed ironic that the UK Government has placed itself in a position before the Strasbourg European Council where it cannot be taken seriously by the other EC governments when it defends what is conceived to be its national interest in the debate about monetary union.

For many good reasons the Government wants to defend British sovereignty, while recognising that economic interdependence has narrowed the scope for the exercise of sovereignty. The irony is that the Prime Minister's instinct has brought the UK to a position where it is unable to argue convincingly for a policy which would maximise that scope – that is, the present European monetary system (EMS).

A reasoned defence for sovereignty would be to praise the system and its exchange rate mechanism (ERM) – which is what the UK Treasury has done in its Evolutionary Approach. If the UK had been a full and loyal partner in the EMS Mrs Thatcher could have argued with vigour against plans for monetary union which – if realised – could ultimately endanger the EC. (She would thereby have become an ally of Mr Pöhl, who is said to like the Approach.)

The fact is that interest rates in the UK are now higher than they would have been if the UK had been in the mechanism. ERM-participants are guaranteed that their mutual exchange rates are kept within narrow bands, and will in no way be changed by more than a few percentage points in the short term. The markets have been convinced that this guarantee stands, quite simply, because an ERM-participant has access to *unlimited* foreign reserves. But the British Government cannot give such a guarantee, and must therefore keep interest rates higher than otherwise necessary in order to balance the risks as conceived by the markets.

Thus the UK Government's strategy has narrowed its room for manoeuvre in economic policy.

Under present EMS rules, however, the Bundesbank is the monetary hegemon. The French do not like that. So the French push for monetary union (probably not because they believe that it will ever happen, but because they know that going in that direction will give them a greater say over their own monetary policy).

Surely, the EMS is half-baked. That is exactly its attraction and ingenuity. Each national government, having accepted its recipe, can bake it to its own taste – sovereignty under interdependence.

Erik Holm,
The Eleni Nakou Foundation,
38 Montagu Mansions, W1

Fimbra members have rights

From Mr Keith Crowley.

Sir, Richard Waters' article on certain aspects of the UK financial regulatory system (November 30), in particular the current dispute between Fimbra (Financial Intermediaries, Managers and Brokers Regulatory Association) and some of its members, should not go unanswered.

The dispute is not a "battle over who has control of the Fimbra self-regulatory body." Whatever the outcome at the annual general meeting on December 13, Fimbra's rules and regulations will remain intact; the protection afforded to investors will remain unchanged, and both the maximum number of Fimbra council members and the method of their selection will remain the same.

Independent financial advisers overwhelmingly support the aims of the new regulatory system. But Fimbra's attempt to impose a flawed and, for some members, very expensive professional indemnity insurance scheme was simply the last straw. I find it completely normal and reasonable that, in such circumstances, members of what is called a self-regulatory body should seek to exercise their democratic rights according to clearly defined rules.

Mr Andrew Paddick's role is queried because he is "not himself a member of Fimbra." Mr Paddick, as a paid, full-time official of the Institute of Insurance Brokers, has given up his practice and, not unnaturally, his Fimbra membership with it, although many hundreds of IIB members are indeed Fimbra members.

I understand that moves are under way which should lead to much greater consultation between Fimbra and its membership. A little glasnost and perestroika may be breaking out soon.

Keith Crowley,
MIM Britannia,
11 Devonshire Square, EC2

Nuclear promises, promises . . .

From Mr Leslie Grainger.

Sir, I greatly appreciated David Fishlock's article on the nuclear power industry in Weekend FT ("The men who got it wrong," December 2).

The Magnox system was pursued simply because it seemed the quickest way of exploiting experience gained on the Windscale plutonium reactors. Similar reasons led Rickover, in the US, from the submarine reactor to the PWR (pressurised water reactor).

There is little mystery, either, about the Dungeness B assessment which chose the AGR (advanced gas-cooled reactor). The Atomic Energy Authority (AEA) representatives had little to offer but large design teams with gas-cooled reactor experience. More importantly, neither had the Central Electricity Generating Board (CEGB) men, who had mainly been recruited from or trained by the AEA and who formed a tightly-knit élite corps in the CEGB.

A lot of talent would have been without an outlet if water reactors had been chosen. The AGR rating was increased by an unreasonable amount, and the water reactors were arbitrarily down-graded substantially, by applying a load-factor reduction compared with figures supplied by their makers.

All this was published in a CEGB report notorious for its bias. The CEGB assessment also (gratuitously, and with similar bias) made a comparison between AGR and a modern coal-fired station. This was the basis for the large AGR programme adopted by the Government.

I am collecting material with a view to a book on energy policy decisions; I should appreciate it if anyone with relevant information would contact me. I have no reason to believe that very recent decisions have been any better than earlier ones.

Leslie Grainger,
16 Blackmoor Lane,
Maidenhead, Berkshire

Self-regulation in the US

From Mr Joseph E. Hardiman.

Sir, Your recent articles on the battle over who has control of the Fimbra self-regulatory body brings into question the effectiveness of self regulation itself.

Having been at the forefront of developing and successfully implementing self regulation for over 50 years in the United States, we at this association wish to reinforce our support of that concept as embodied in the UK Financial Services Act.

It is inevitable that implementation of a new set of policies and practices for practitioners will generate controversy in their early stages; in the process, lessons will be learned. Over time, however, as we have discovered, it is more preferable to establish and enforce rules and regulations governing your own conduct than to have them superimposed upon you.

As our experience has demonstrated, self regulation can and will work for the benefit of investors and members if given time and support by the regulated.

Joseph P. Hardiman,
National Association of Securities Dealers,
1735 K Street Northwest,
Washington DC 20006,
USA

New architects at work in Europe

From Mr B. Koch.

Sir, Congratulations on the article by that self-described "irresponsible teenage scribbler" of the Financial Times, Edward Mortimer ("Building the European house," November 21). If this is how today's teenagers tackle new developments, then the age-old curse on humanity may be finally lifted.

Mr Gorbachev too, seems now to have partly recognised that the ancient and evil maxim, "keep the defeated down," is not the way to further common wealth and happiness – just as General Marshal did, 40 years ago.

Mrs Thatcher might agree that these new ethics have contributed to the welfare of western Europe to the same extent as Nato and the stability of the present border. We should therefore ask whether the new conception should be sacrificed in order to maintain the other elements – which is to say, leaving today's border as it is, in the centre of Germany.

It is, in my opinion, of minor importance for the Germans whether one, two or three German states (for example, West Germany, East Germany, Bavaria) become equal members of the United States of Europe. (Would it hurt Californians or Texans if they were represented by two or three States of America, "united" within the federated system of Congress and the US Administration?) What matters is that borders are established in accordance with the majority wish of the people concerned – not as it suits others.

B. Koch,
D-404 Neuss,
Frankenstr. 95,
West Germany

Changes in BR's pension scheme

From Mr Trevor Toolan.

Sir, Eric Short's article about the surplus in the British Rail pension scheme (November 30) might have given some readers the impression that BR changed its pension contribution rates quite recently.

In fact the changes in the scheme referred to were agreed and implemented over a year ago. For the record I must point out that Eric Short's view of the division of the surplus between employees and the employer is not quite correct. After deducting the amount applied to fund increases to pensioners the split of the remainder between employees and the employer was much nearer 50/50.

The package was jointly agreed between the board and the trade unions and is saving the board about £70m a year in contributions, and employees around £45m. The reduced contribution rate will apply at least until the results of the March 1990 valuation are known, when it will be reviewed – but based on the position revealed at the last valuation, it was estimated that this contribution rate could last for some years.

T. Toolan,
British Railways Board,
Euston House, NW1

UK COMPANY NEWS

Tiphook and Stena offer now worth $1.12bn in attempt to get swift conclusion

Sea Containers' bid raised to $70 a share

By Andrew Hill

TIPHOOK, the container rental company, and Stena, the private Swedish shipping group, yesterday increased their hostile bid for Sea Containers to $70 a share in an attempt to bring the six-month-old bid to a swift and successful climax.

The new offer, worth $1.12bn (£712m) in total, matches the Sealink ferry and container group's defensive tender offer for half its own equity.

The predators, which have been fighting for Sea Containers since May, also said they had requisitioned an extraordinary general meeting of Sea Containers' shareholders to elect directors who would back the Anglo-Swedish offer.

Tiphook and Stena said Mr James Sherwood, Sea Containers' president, had up to 71 days from receiving the requisition to hold the meeting.

The increased bid followed a Bermuda supreme court decision on Thursday which could allow Sea Containers' subsidiaries to continue buying and voting the parent company's shares. They already hold a 20 per cent stake in the group.

Mr Sherwood confirmed last night that the defensive purchase of Sea Containers shares would be one option considered by the board at a meeting next Tuesday, although some lawyers believe Securities and Exchange Commission rules would restrict such a move.

James Sherwood: considering buying own shares

"We have that course of action open to us, but I would say we have lots of resources up our sleeves," he said.

Sea Containers is putting together a $1.1bn asset disposal programme to fund the defensive tender offer. The original plan allowed for a surplus of $120m and Mr Sherwood said some of the asset sales would raise more than originally forecast.

The group has already announced potential buyers for some 60 per cent of the assets, and expects to announce further disposals on Thursday.

The increased bid would delay still further the setting of a date for the long-awaited Sea Containers annual general meeting to approve the disposal programme, said Mr Sherwood. But he added that he still expected the bid battle to be over by January or February. The group has originally intended to set the date yesterday.

Sea Containers stock, which rose sharply in New York on Thursday, was trading at nearly $69 yesterday, up more than $2½. Arbitrageurs and US followers of the bid said yesterday they believed the fight was far from over.

"Basically we're in round three. I think people are just beginning to see that there's a lot more to Sea Containers than first meets the eye," said one.

The latest Tiphook/Stena offer values the fully-diluted common shares in Sea Containers at $1.04bn. The total offer value of $1.12bn compares with the initial bid of $824m back in May, which was increased to $1.02bn in August. The offer for convertibles has been increased pro rata. Bids for other classes are unchanged.

Tiphook, which hopes to receive the target's valuable fleet of containers, is funding less of the increased bid than Stena. It will now contribute $528.8m, against $514m under the previous offer, and Stena is providing $594.8m ($506m) to get the Sealink ferries and non-container assets, including a 42 per cent stake in Orient-Express Hotels.

The UK group, which has been criticised for heavy borrowings in the past, said it would fund the additional cost from existing bank facilities.

Mr Robert Montague, Tiphook chairman, said the strong trading performance since the bid was launched had persuaded Tiphook's bankers that it was worth funding a slightly higher contribution. Tiphook's shares slipped 8p to 430p in London.

See Lex

SEA CONTAINERS' BID TIMETABLE

May 26 – Tiphook and Stena launch $50 per share hostile bid in the US. Court hearings begin in Bermuda and Washington DC
June 19 – Sherwood says he will reveal defence plans within a month which could realise between $70 and $100 per share for SeaCon investors
August 15 – Tiphook and Stena lift bid to $63 per share.
October 31 – SeaCon unveils details of asset disposal plan and $70 per share tender offer for own equity
November 27 – Bermuda court rejects Tiphook/Stena challenge to SeaCon's defence plans
December 8 – Bermuda court refuses to prevent SeaCon dealing in own shares. Tiphook and Stena lift bid to $70 per share

Robert Montague: Extra cost funded from existing facilities

BICC buys cable maker for £38.2m

By Andrew Bolger

BICC, the international cables and construction group, said yesterday that it had bought Sterling Greengate, a UK cable maker, for £38.2m from Raytheon Company of the US, the diversified electronics group.

Sterling Greengate makes power, armoured, electronic, control and elastomeric cables at factories in Warrington, Chesire, and Aldermaston, Berkshire. Elastomeric cables are sheathed in rubber and are used in difficult environments where flexibility is at a premium, such as mines.

In the year to November 30, Sterling Greengate made a turnover of about £42m on which it is expected to have made a pre-tax profit, before inter-company charges, of £1.6m.

BICC said the company had a very substantial order book and there would be an improving profit performance. Net assets are estimated at £32.7m.

The £38.2m consideration includes the settlement of inter-company debt to Raytheon and the purchase of land at Aldermaston. The total amount payable will vary with the value of the net assets acquired, up to a maximum additional payment of £1m.

The acquisition is to be financed by the issue for cash of 8.5m new ordinary shares in BICC, which S G Warburg has agreed to place at 452p per share. Brokers to the placing are Cazenove and Hoare Govett. BICC shares closed at 468p, down 5p.

BICC said Sterling Greengate had a good reputation for a wide range of cable products and services and its range complemented BICC's existing operations.

Sterling Greengate was one of seven companies within Raytheon Europe Ltd. Sterling Cables was acquired in 1961 and merged in 1982 with Greengate Cable Company, which was acquired in 1975.

Raytheon said this sale was in line with the company's policy of concentrating its efforts in markets which were of strategic importance to the group.

Cut in margins leaves Burns Anderson 8% up

By Jane Fuller

BURNS-ANDERSON, the acquisitive recruitment and financial services company, yesterday announced pre-tax profit ahead by 8 per cent to £4.8m for the year to September 30 on turnover up 80 per cent to £56.44m.

These merger-accounted figures include Morson International, a recruitment business specialising in technical staff, and Ultimate Response, a direct marketing company.

Last year's taxable profit, before restatement, was £3.2m on sales of £13.1m.

Interest payment shot up to nearly £600,000 from 180,000, while interest and other income received fell.

Mr Philip Cox, who this week became chief executive following Mr Alan Moore's resignation for family reasons, said the debt was £6m. It was planned to sell the finance company to reduce debt and provide cash for small acquisitions, probably in recruitment.

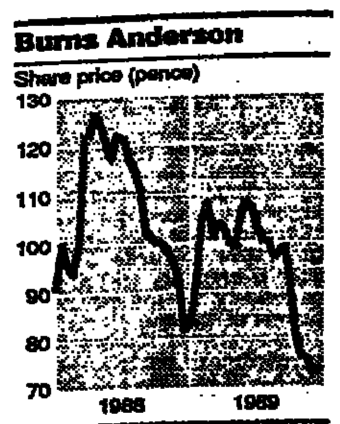
This division had grown from 25 to 57 branches during the year. It accounted for 76 per cent of turnover and 70 per cent of operating profit.

Mr Cox said its branches had so far not felt the ill effects of a worsening economic climate.

He attributed this to concentration on temporary staff, a wide geographic spread and low costs. "The offices tend to be above shops, so we don't have high fixed costs. Most of our expense is advertising, which can be easily reduced."

The switch of emphasis towards recruitment had, however, brought margins below the level that had been common in financial services or banking, he said.

The Burns-Anderson Independent network of independent financial advisers had grown from 45 to 105 members over the 12 months. This would have been greater – and less costly – had it not been for delays in dealing with Financial Intermediaries, Managers and Brokers Regulatory Association.



Fully diluted earnings per share were flat at 8.8p. The final dividend is 2.55p, making a total of 4.45p (4.1p).

The company's non-executive chairman, Sir John Harvey Jones, former chairman of ICI, is stepping down next June at the end of a three-year contract.

● COMMENT

The company, which has already been steered away from motor trading, now has recruitment as its strongest suit. This will be underlined when the finance company is disposed of, which would also shed a lot of borrowings, £20m turnover and poor margins. But first a buyer must be found – not an easy task. Now that the financial network has passed the red-tape stage, the crunch question of profitability will have to be answered. The direct mail business has also yet to prove its worth. And the new senior management will have to establish itself in the wake of Mr Moore and Sir John. Panmure Gordon, the company broker, is forecasting a pre-tax profit of £5.2m for the current 12 months. On a share price down 1p to 73p, this gives a multiple of 7.5. An 8 per cent yield and the strength of the recruitment business might make it attractive to gamblers.

Hestair planning to sell off rest of consumer products side

By John Ridding

HESTAIR, the personnel services and consumer products group, which is facing a £167m hostile bid from Adia, a Swiss counterpart, is planning to sell off its remaining consumer products businesses by the middle of next year.

Mr David Hargreaves, Hestair's chairman, said that Hestair Maclaren, which makes toys and baby buggies, and Hestair Kiddicraft, manufacturer of picture frames, would be sold after the disposal of Hestair Kiddicraft, which is scheduled to be completed by Christmas.

Hestair Hope, the group's mail order distributor was sold for £11.65m earlier this month.

Hestair also said yesterday that it is "not negotiating with any potential offeror" as a means of thwarting Adia's bid.

Hestair's statements follow its formal defence document which was sent to shareholders earlier this week and which described Adia's 282p per share offer as "woefully inadequate".

Adia has criticised Hestair's record, arguing that earnings per share have fallen from 14.6p in the first half of 1988 to 13.3p in the corresponding period in 1989.

But Mr Hargreaves said that the use of selected half year periods did not give a fair reflection of Hestair's record and that the company's five year record to the end of January 1989 showed a 706 per cent increase in earnings per share - ranking it eleventh of all UK companies capitalised at over £100m.

Lack of exceptionals limits I&S to 2.3% rise

By James Buxton, Scottish Correspondent

IVORY & SIME, the Edinburgh-based fund manager, yesterday reported a 40.7 per cent increase in its trading profit to £1.2m for the six months to October 31. But pre-tax profit rose only 2.3 per cent to £1.6m because last time's result had been boosted by an exceptional interest payment.

Mr Alex Hammond-Chambers, chairman, claimed that three or four years of painful restructuring at I&S "are slowly but surely beginning to bear out in the numbers".

Both turnover and administrative costs rose, with turnover rising 31 per cent to £5.7m thanks in part to the incorporation of I&S Pembroke, the Canadian subsidiary.

The company reported good progress from its expanding retail activities with the launch in October of Optimum Income Trust, the first of a new generation of investment trusts aimed at the retail market.

The company is declaring an unchanged interim dividend of 1.25p per share and intends to declare a final of 4.5p. Earnings per share after amortisation of goodwill were 2.7p (3.23p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Airsprung Gp § ....int	2.32	-	2.32	-	5.5
Burns-Anderson ....fin	2.55†	Feb 9	2.35	4.45	4.1
Carroll (PJ) 2in	4.1♣	Jan 26	5.4	8.2	8.2
Fleming Inv High.......int	0.65	-	-	-	-
Hicking Pent ....int	0.5	Apr 2	0.5	-	2
Ivory & Sime ....int	1.25	-	1.25	☆	5.75
Ross Group § ....int	nil	-	1.2	-	1.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♯Third market. ♣Irish pence throughout. ☆Final of 4.5p forecast.

Hicking falls 63% to £153,000

By Andrew Bolger

HICKING PENTECOST, the Nottingham-based knitwear manufacturer and dyer group, yesterday announced a 63 per cent drop in profits, changes in senior management and a reorganisation of the group.

Pre-tax profits in the six months to September 30 slumped to £153,000 (£415,000). Turnover increased by 7 per cent to £11.1m (£10.5m).

Mr Stephen Hyde has resigned as chairman and managing director and Mr John Tattersall has resigned as non-executive deputy chairman. Mr John Lister has been appointed chairman and Mr John Carlsen has been made chief executive and deputy chairman. Mr Lister and Mr Carlsen together own 26.4 per cent of the company.

Hicking blamed the drop in profits on higher interest charges of £273,000 (£143,000) and operating losses of £122,00 at Realmtree, a business marketing casual wear which since the year end has been sold via a management buy-out.

Realmtree has been sold to Starbuff Ltd, a company 95 per cent owned by the director of Realmtree, Mr Terrence Salmon. The initial cash consideration was £61,000. In exchange for a guarantee of £100,000 to the bankers of Starbuff there is a deferred consideration, being a percentages of Starbuff's after-tax profits over the next four years.

Hicking said the loss arising on the disposal of the Realmtree business was £300,000 and this had been taken as an extraordinary item in its results for the first half.

Mr Lister said his strategy included the reorganisation and consolidation of the existing businesses, diversification into new business areas and setting up a property division. Earnings per share were 2.4p (6.33p). The interim dividend was maintained at 0.5p. The shares closed down 1p at 74p.

Capital buys Chiltern stake from Crown Comm

By John Ridding

CAPITAL RADIO, the UK's largest commercial radio company, has increased its stake in Chiltern Radio to 22.9 per cent ahead of the Bedfordshire-based group's flotation on the stock market.

Capital is buying a 12 per cent stake from Crown Communications, which operates LBC, a rival London station, for a total of about £1.89m.

Crown is selling its holding following a recent, but unsuccessful hostile offer for about 20 per cent of Chiltern's shares.

It will make a profit of over £1m on the deal.

The switch of the stake in Chiltern from Crown to Capital reflects the consolidation of the UK commercial radio sector into a handful of large groupings.

Chiltern's flotation, announced during its defence against Crown's offer, is expected before Christmas.

The price is expected to be below the £30 per share offered by Capital.

In its defence document, Chiltern forecast pre-tax profits of £900,000 for the year to the end of September.

This represents a multiple of about 24 times the price Capital is paying.

Airsprung down 28% to £0.9m

As predicted at the annual meeting in July, Airsprung Group, the USM-quoted furniture manufacturer, suffered a downturn in the six months to September 30. At the taxable level profits fell 28 per cent from £1.26m to £903,000.

In July, Mr John Yates, chairman, warned that high interest rates, the slowdown in house sales and regulations over the use of flame-retardant foam would all affect the first-half results.

Turnover rose 22 per cent to £19.15m (£15.74m) and interest took more at £183,000 (£22,000). After tax of £317,000 (£440,000), earnings came out lower at 4.67p (8.39p) per share. The interim dividend is maintained at 2.32p.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
$75	F.P.	-	85	81	♯Air London 5p	85		82.25	2.5	3.5	12.9
$20	F.P.	-	25½	18	*Autos of Distinction 5p	18		-	-	-	-
-	F.P.	-	105	76	BTR Warrants 1993/94	104	+1	-	-	-	-
$142	F.P.	-	150	146	♯Barts Hldgs 10p	146		R5.5	2.7	5.0	9.2
†	F.P.	-	102	95	♯Benbold Devlpmts 50p	100		1.8	5.9	2.4	9.3
Ir56	F.P.	2/11	71	56	♯Cambridge Grp. Ir5p	65		♯Q7½%	14.8	0.5	16.7
†	F.P.	-	25	23	*Courtgard Leisure 5p	23		-	-	-	9.8
§	F.P.	-	8¼	5¼	EFM Dragon Tst Wrts'05	8¼	-½	-	-	-	-
50	F.P.	-	53	39	♯Essex Furniture 5p	39		u1.88	2.3	6.4	8.8
707	F.P.	-	964	865	Euro Disneyland FFr10	964	+12	-	-	-	-
-	F.P.	-	19	5	Europa Mierls. Wrnts.	18		-	-	-	-
$50	F.P.	-	51	49	European Project IT 10p	49	-1	-	-	-	-
-	F.P.	-	28	18	Do. Warrants	27		-	-	-	-
$130	F.P.	-	138	130	Fired Earth Tiles 10p	130		R4.87	2.2	5.0	10.6
105	F.P.	30/11	107	98	Hays 1p	106		W3.0	2.8	3.8	12.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADITIONAL OPTIONS

● First Dealings Dec 4
● Last Dealings Dec 15
● Last Declarations Mar 8
● For settlement Mar 19

For rate indications see end of London Share Service

Calls in Atlantic Res., Western Motor, Wembley, London Utd., Stanhope Props., INOCO, Leisure Invs., Invicta Sound, Richmond Oil. Put in Cook (DC).

How green can you remake my valley?

Patrick Cockburn on the issue of insurance against gradual pollution

EUROPEAN manufacturing and insurance companies have always been nervous that the tough interpretation of laws on environmental pollution in the US in the 1980s would be repeated in Europe in the 1990s.

With the European Community's draft directive on liability for waste, the so-called Green Bill on the environment in the UK and the growing strength of environmental movements, that moment now looks close at hand.

Over the next three to five years industrial companies will want protection against gradual pollution by their waste products and insurance companies require some means of satisfying them.

Given their experiences in the US, insurance and reinsurance companies are both cautious of doing so. Already litigation in the 1980s about who should pay for environmental pollution in the US has made insurance companies start nervously at names like Rocky Mountain Arsenal, Diamond Shamrock and Love Canal.

All three are the names of test cases where manufacturing companies have tried to get their insurers to pay for the gradual pollution of a site over a period of years.

Given Rocky Mountain Arsenal, for instance, said to be the most polluted place in the US, Shell and 250 insurance companies fought a prolonged legal battle over who should pay the $2bn clean-up costs.

As a result of their US experiences, European insurers and reinsurers both became chary of providing cover for gradual – as opposed to sudden and accidental – pollution in Europe itself. Primary insurers found they could not limit potential losses because major reinsurers like Swiss Re and Munich Re would not offer reinsurance.

Admittedly the legal climate in both the UK and Europe was less threatening to manufacturing companies and their insurers alike. There has been no key test case on gradual pollution in the UK, in part because companies have paid up rather than see such a case come to court.

But this will change as European legislation on environmental pollution is tightened up. Most important in the UK is this year's EC draft directive on strict liability for waste, but the Green Bill is likely to produce some immediate pressure on companies to look for insurance cover for their waste disposal.

"The market will be created by the legislative net tightening," says Mr Robin Williams, a partner in solicitors McKenna & Co, who specialises in environmental insurance issues.

Now the UK's Chemical Industries Association, which groups together companies responsible for 70 per cent of British chemical output, is seeking to provide just such cover through insurance broker Willis Wrightson. Insurers underwriting the scheme are led by the Swiss Reinsurance Group, the policy being issued by its UK subsidiary, the Palatine Insurance Company.

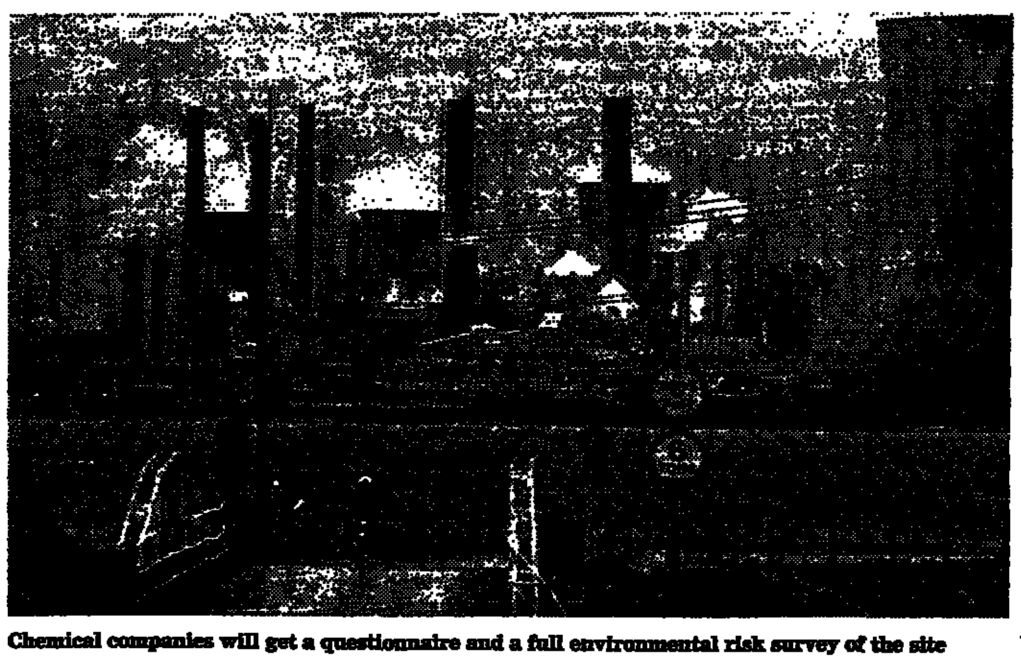
The presence of Swiss Re is important because, argues Mr Williams, the provision of cover will depend on the attitude of the reinsurance industry.

According to Mr David Thomas of Willis Wrightson, the chemical companies will first get a detailed questionnaire followed by a full environmental risk survey of the site in question. The surveys will allow the insurers to assess the insurability of each site and so estimate the premium.

How will chemical companies respond? In Europe, pools set up by manufacturers to provide insurance for this sort of risk – given the lack of cover from commercial companies – have not proved very successful outside Italy. Limited cover, exclusions and a high deductible have limited their attractiveness.

The degree to which companies in the UK and Europe want the insurance offered by the CIA through Willis Wrightson may also be limited by the price they have to pay for it and the breadth of cover available.

But as company boardrooms become nervous about the risks from tighter legislation in the 1990s the pressure will grow to pay for some such policy covering gradual pollution.



Chemical companies will get a questionnaire and a full environmental risk survey of the site

Reduced tobacco profits force Carroll down 80%

REDUCED PROFITS from tobacco and increased losses in its aquaculture and direct marketing operations left taxable profits at PJ Carroll and Company 80 per cent lower at I£1.7m (£1.6m) in the 12 months to September 30, against I£8.5m.

The result for the Dublin-based company was substantially lower than the forecasts after the first six months. The shares lost 10p to close at 130p.

Tobacco sales were I£7.74m lower at I£197.16m which together with additional redundancy costs cut trading profits by I£2.38m to I£11.67m.

Direct marketing sales were higher at I£39.18m mainly due to the acquisition of Bedford Fair. The losses of I£4.9m for nine months compared with I£4.8m for the previous 12 months, reflected the heavy costs of reorganisation and redundancies – about I£2m.

Operating profit for the 12 months was I£1.85m, against I£8.01m, which included a I£1m contribution from discontinued businesses. There was an interest charge of I£153,000 (I£487,000 credit).

Tax took I£400,000 (I£700,000) for earnings per share of 2p (10.7p). The company is changing its year-end to March 31 and is paying a second interim dividend of 4.1p (5.4p) making an unchanged 8.2p for the 12 months.

The dividend is uncovered requiring I£4.59m from revenue reserves. The company said the dividend decision was taken on the basis that tobacco profits were twice the level of dividend and gearing was low.

Swedish company moves into UK property market

By Paul Cheeseright, Property Correspondent

ARCONA, the Swedish property group, has set up a joint venture company to operate in the British, French and German markets and started its activities with the £32m purchase of a building in Stanhope Gate, in the west end of London.

The move is part of a general movement of Swedish capital into the British and continental European property markets.

The joint venture has been established with Mr Robert Maxted, formerly a director of Speyhawk, and Mr Patrick Sumner, formerly a director of the Reinhold group. Mr Maxted and Mr Sumner own 30 per cent of the £1.1m equity in Arcona Investment, with Arcona holding the balance and providing working capital in the form of £38.8m of preferred stock.

Arcona Investment, registered in the Netherlands, bought the Stanhope Gate property from Kumagai Gumi, the Japanese property and construction group. It plans to redevelop the property to provide 50,000 square feet of offices with a completed value of £60m.

Arcona, which has a market capitalisation in Sweden of more than £500m, owns 30 per cent of Coronado which has been active with property purchases in both the City and west end of London. The intention is that Arcona Investment will build an asset base of more than £170m in the next three years, starting in the UK and then moving into France and Germany.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: European summit meeting concludes, Strasbourg.

TOMORROW: The Dalai Lama, Peace Prize laureate, gives address at Nobel Prize ceremonies, Oslo. Local elections in Estonia, Latvia, Kazakhstan, and Tajikistan.

MONDAY: Mr David Waddington, Home Secretary, opens crime prevention conference, QEII centre. London Health Education Authority launches five-year campaign against teenage smoking. General strike threatened in Czechoslovakia. EC Agriculture Ministers start two-day meeting in Brussels. European Parliamentary Session opens (until December 15), Strasbourg. Ministry of Agriculture Fisheries and Food publishes Food Facts for third quarter. Central Statistical Office publishes November provisional producer price index numbers; and figures for retail sales.

TUESDAY: Dealings start in water shares following privatisation. Mr Kenneth Clarke, Health Secretary, speaks at National Association of Health Authorities community care conference. Confederation of British Industry director general, Mr John Banham, and Mr Bryan Gould, Labour MP, speak at business rate seminar, City Conference Centre. Medical Research Council annual report published. Ethiopian government delegation and Tigray People's Liberation Front resume peace talks in Rome. Second congress of people's deputies begins in Moscow. International banking statistics from the Bank of England.

WEDNESDAY: Ministerial meeting of 24 OECD countries to discuss aid to Poland and Hungary. Prince of Wales visits Westland Group, Yeovil.

THURSDAY: Air Transport Users Committee annual report published. First auction of classic car registrations, Christie's. Health and Safety Executive launches gas appliances safety campaign. Chile's first presidential/congressional elections for 19 years. Czechoslovak Communist Party pleoum on economy. NATO Foreign Ministers start two-day meeting, Brussels. EC Education Ministers meet in Brussels. CSO publishes October index of output of the production industries; and third quarter UK balance of payments. Department of Employment releases labour market statistics: unemployment, and unfilled vacancies (November provisional figures); October provisional figures for average earnings indices; employment, hours, productivity and unit wage costs; and industrial disputes.

FRIDAY: European Community - United States annual Ministerial talks, Brussels. November figures for usable steel production from BSC/BISPA. CSO publishes retail prices index, and tax and price index.

BANK RETURN

BANKING DEPARTMENT	Wednesday December 6, 1989		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	50,711,678	-	8,918,979
Bankers Deposits	1,612,061,352	-	60,416,269
Reserve and other Accounts	2,718,941,607	+	999,929,279
	4,396,267,637	+	930,594,031
ASSETS			
Government Securities	2,259,206,529	+	291,425,185
Advance and other Accounts	676,425,872	+	112,404,370
Premises Equipment & other Secs	1,450,912,517	+	522,867,480
Notes	9,531,413	+	3,918,365
Coin	191,306	-	21,359
	4,396,267,637	+	930,594,031
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,650,468,587	+	316,081,645
Notes in Banking Department	9,531,413	+	3,918,355
	15,660,000,000	+	320,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	13,203,495,875	+	548,578,614
Other Securities	2,446,489,025	-	228,578,614
	15,660,000,000	+	320,000,000

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 90 Vol	Last	May 90 Vol	Last	Aug. 90 Vol	Last	Stock
Gold C	$380	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$410
Gold C	$390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$410
Gold C	$400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$410
Gold C	$410	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$410
Gold C	$420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$410
Gold P	$380	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$410
Gold P	$400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$410
		Dec. 89		Mch. 90		Jun. 90		
Silver P	$5.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$5.64
Silver P	$6.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$5.64
		Dec. 89		Jan. 90		Feb. 90		
EOE Index C / P	FL 285–FL 320	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 300.99
S/FI C	FL 200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S/FI C	FL 205	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S/FI P	FL 200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Jan. 90		Apr. 90		Jul. 90		
ABN C	FL 45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL 41.40
Aegon C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aegon P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ahold C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amev C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DAF N.V. C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N.V. DSM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N.V. DSM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elsevier C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gist-Broc P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heineken C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoogovens C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoogovens P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KNP C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NEDLLOYD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NEDLLOYD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NMB C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NMB P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Ned. C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Ned. P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Dutch C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Dutch P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Van Ommeren C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Van Ommeren P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 35,929
A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	15	Comm.Bk.N.East	15	Northern Bank Ltd	15
Adam & Company	15	Co-operative Bank	15	Norwich Gen. Trust	15
Allied Trust Bank	15	Coutts & Co	15	[illegible]	15½
Allied Irish Bank	15	Cyprus Popular Bk	15	PRIVATbanken Limited	15
● Henry Ansbacher	15	Dunbar Bank PLC	15	Provincial Bank PLC	15
Associates Cap Corp	15	Duncan Lawrie	15	Roxburghe Guarantee	15½
Authority Bank	15	Equatorial Bank plc	15	[illegible]	15
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
Bank of Baroda	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Banco Bilbao Vizcaya	15	First National Bank Plc	16	● Smith & Williamson Secs	15
Bank Hapoalim	15	● Robert Fleming & Co	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptrs	15½	TSB	15
Bank of Cyprus	15	Girobank	15	United Bk of Kuwait	15
Bank of Ireland	15	● Guinness Mahon	15	United Mizrahi Bank	15
Bank of India	15	HFC Bank plc	15	Unity Trust Bank Plc	15
Bank of Scotland	15	● Hambros Bank	15	Western Trust	15
Banque Belge Ltd	15	Heritable & Gen Inv Bank	15	Westpac Bank Corp	15
Barclays Bank	15	● Hill Samuel	§15	Whiteaway Laidlaw	15½
Beneficial Bank PLC	15	C. Hoare & Co	§15	Yorkshire Bank	15
Brit Bk of Mid East	15	Hongkong & Shangh	15		
● Brown Shipley	15	● Leopold Joseph & Sons	15		
CL Bank Nederland	15	Lloyds Bank	15		
● Charterhouse Bank	15	Meghraj Bank Ltd	15		
Citibank NA	15	Midland Bank	15		
City Merchants Bank	15	Mount Banking	15		
Clydesdale Bank	15	Nat Bk of Kuwait	15		
		NatWestminster	15		

● Members of British Merchant Banking & Securities Houses Association. * Deposit rate 5.9% [illegible] § Instant access 12.8% [illegible] Mortgage 15.2% - 15.95%

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Friday December 8 1989

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu Dec 7 Index No.	Wed Dec 6 Index No.	Tue Dec 5 Index No.	Year ago (approx) Index No.	1989 High		1989 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (205)	899.81	+0.5	12.63	4.74	9.71	29.58	895.12	890.98	891.25	749.53	1032.97	18/8	775.54	3/1	1038.07	16/7/87	50.71	13/12/74
2	Building Materials (28)	1091.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (37)	2460.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (10)	2588.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (30)	1987.74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (53)	449.99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (8)	464.09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (17)	371.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (24)	1723.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (185)	1317.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (23)	1515.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (20)	1158.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	2353.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household (14)	2783.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (35)	1635.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Packaging & Paper (14)	545.86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Publishing & Printing (18)	3763.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (32)	796.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (14)	530.23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	OTHER GROUPS (95)	1180.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Agencies (17)	1593.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (22)	1218.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Conglomerates (14)	1473.85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Transport (13)	2280.74	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	1196.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Miscellaneous (27)	1923.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (485)	1183.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (15)	2403.49	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	1285.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (128)	827.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (9)	848.39	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (7)	1359.87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	764.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (7)	1337.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	472.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (49)	1221.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (30)	330.58	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (69)	1288.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (1)	732.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (7)	1535.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (697)	1176.92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 6	Dec 5	Dec 4	Dec 1	Year ago	1989 High		1989 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	2363.5	+16.8	2364.1	2337.6	2346.7	2353.7	2327.5	2303.4	2311.1	1750.3	2426.8	5/9	1782.8	3/1	2443.4	16/7/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 8	Day's change %	Thu Dec 7	xd adj. today	xd adj. 1989 to date
	British Government					
1	Up to 5 years	116.11	+0.08	116.23	0.22	11.22
2	5-15 years	129.07	+0.09	129.23	0.27	11.87
3	Over 15 years	137.25	+0.08	137.14	-	12.90
4	Irredeemables	154.90	+0.08	154.78	-	13.66
5	All stocks	127.23	+0.08	127.34	0.23	11.94
	Index-Linked					
6	Up to 5 years	140.76	+0.17	140.51	-	2.79
7	Over 5 years	139.33	+0.65	138.43	-	3.21
8	All stocks	139.32	+0.61	138.47	-	3.15
9	Debentures & Loans	105.76	+0.02	105.74	-	10.76
10	Preference	84.92	+0.15	84.80	-	6.14

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 8	Thu Dec 7	Year ago (approx)	1989 High		1989 Low	
	British Government								
1	Low	5 years	10.38	10.38	10.43	10.48	11/10	8.88	9/2
2	Coupons	15 years	9.89	9.89	9.58	9.91	4/12	8.77	9/2
3		25 years	9.80	9.80	9.12	9.83	4/12	8.73	16/2
4	Medium	5 years	11.40	11.40	10.81	11.41	6/12	9.96	8/2
5	Coupons	15 years	10.20	10.28	9.79	10.32	6/12	9.21	8/2
6		25 years	9.91	9.91	9.52	9.96	4/12	8.85	17/2
7	High	5 years	11.54	11.54	10.96	11.56	6/12	10.13	8/2
8	Coupons	15 years	10.48	10.48	9.92	10.53	4/12	9.41	8/2
9		25 years	10.05	10.05	9.34	10.10	4/12	8.99	27/1
10	Irredeemables		9.87	9.87	8.97	9.93	4/12	8.68	15/3
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	3.68	3.72	3.55	4.10	13/10	2.75	21/8
12	Inflation rate 5%	Over 5yrs.	3.65	3.69	3.72	3.84	5/6	3.41	21/8
13	Inflation rate 10%	Up to 5yrs.	2.85	2.88	2.41	3.30	2/6	1.91	21/8
14	Inflation rate 10%	Over 5yrs.	3.49	3.52	3.56	3.67	5/6	3.23	21/8
15	Debs &	5 years	12.93	12.82	11.57	13.82	5/11	11.47	30/12
16	Loans	15 years	12.46	12.45	11.12	12.55	29/11	11.19	1/2
17		25 years	12.12	12.14	10.86	12.19	29/11	10.66	27/2
18	Preference		10.81	10.83	10.38	10.83	7/12	10.00	17/3

Opening index 2342.7; 10 am 2337.6; 11 am 2341.7; Noon 2352.4; 1 pm 2355.1; 2 pm 2353.3; 3 pm 2352.3; 3.30 pm 2352.9; 4 pm 2359.8 (a) 4.32pm (b) 10.00am

Equity section or group / Base date / Base value: [illegible]

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 32p.
NAME CHANGE: St. Ives Group (32) has become St. Ives.

INTERNATIONAL COMPANIES AND FINANCE

Adsteam seeks receiver for Bond subsidiary

By Bruce Jacques in Sydney

MR Alan Bond, the troubled Perth businessman, is facing the biggest threat yet to his corporate survival. Late yesterday the Adelaide Steamship group petitioned the Western Australian Supreme Court for the appointment of a receiver at Bell Resources, the Bond Corporation subsidiary.

Adelaide Steamship, headed by *Mr John Spalvins, holds* a 19.9 per cent interest in Bell Resources, with the Bond group effectively controlling about 60 per cent.

Mr George Palmer QC, representing Adelaide Steamship, told the court the appointment of a receiver was a matter of "critical urgency" to prevent the "further dissipation of assets in the company." He said the assets of Bell would be in serious jeopardy if a receiver were not appointed in the near future.

Mr Palmer said the relevant papers would be served immediately on Bell Resources, its directors, Bond Corporation Holdings and Mr Bond's family company, Dallhold Investments.

The matter has been held over for court direction on Monday.

Should the Adelaide Steamship petition succeed, receivership for Bell would not, in itself, portend the similar collapse of Bond Corporation or Dallhold. But pressure on Bond Corporation would increase as a Bell receiver would undoubtedly seek immediate recovery of a A$1.2bn (US$940m) "loan" made by Bell to Bond Corporation.

The loan was due to be partially repaid as part of a complex deal in which Bond Corporation would launch a takeover bid for Bell and sell a half share in its brewery interests to Lion Nathan, the New Zealand brewer. But it was announced late yesterday that this brewery deal had been dropped, although Bond Corporation said it was negotiating a alternative agreement with Lion for a joint venture. It did not give any details.

Adelaide Steamship's action had already thrown the long-delayed deal into further doubt.

Its petition followed the nomination last month by Mr Spalvins of five executives to the Bell Resources board. Mr Spalvins indicated that he believed the nominations – which would give Adelaide Steamship control of the Bell board – would be supported by Mr Bond. However, that support appears to have been withdrawn.

Mr Spalvins had earlier yesterday sought, in a separate but parallel action, a Supreme Court directive quashing Bell's rejection of the Adelaide Steamship board nominations.

The board structure is due to be decided at Bell's annual meeting, scheduled for December 21.

Bond Corporation shares had firmed 1 cent to 20 cents yesterday ahead of an expected sixth extension of the brewery deal.

The original plan to sell the half interest in the brewery was postponed and amended several times, as it was so complex and conditional. Some analysts said the plan was unable to proceed for those reasons.

Lion and Bond had been negotiating on possible changes to simplify the deal and allow it to proceed.

Under the initial timetable the transaction was due to start with Bond registering documents for a foreshadowed $A1.60 a share bid for Bell Resources.

That was to be followed by the sale of Bond's brewery interests to Bell which would then sell a half share in the brewery to Lion in a package nominally valued at A$2.5bn.

Lion Nathan is believed to have proposed a series of options to Bond, involving dropping the bid for Bell and probably lowering the brewery sale price.

Investors have heavily discounted a bid for Bell by marking down the shares close to a year low of 40 cents. But the shares held steady yesterday at that level.

RECEIVERS for Qintex Australia are seeking buyers for its Channel Seven television network, Reuter reports.

Mr David Crawford and Mr John Allpass, receiver managers, said that, while recognising restrictions affecting foreign ownership, interested parties were being sought from as wide a field as possible, including overseas concerns. They added: "Whilst an outright purchase of the network is a possibility, the preferred alternative and one which the receivers and managers believe will produce a better return for Qintex is likely to involve a consortium of interested parties."

Industry analysts said total foreign equity in a television network operating company could not exceed 20 per cent, and that any single foreigner was prohibited from holding 15 per cent or more of the shares.

Shares of Qintex Australia and its parent, Qintex, were suspended in late October after Qintex Entertainment, a US unit, sought bankruptcy protection. Qintex Australia went into receivership last month.

World Int'l interim advances to HK$384.3m

By John Elliott in Hong Kong

WORLD International, the main holding company of the Hong Kong property, hotels and transport empire controlled by Sir Yue Kong Pao's family interests, reported increased interim income yesterday.

Profits after taxation and minority interests rose to HK$384.3m (US$49.2m) for the half year ended September 30, 13 per cent above the HK$340.1m posted in the same period last year. Turnover climbed 62.8 per cent to HK$1.42bn.

The group bought the Omni Hotel chain in the US from Aer Lingus 18 months ago and it now has 41 US hotels under franchise or management.

The result follows interim figures announced on Thursday by Wharf Holdings, 40.2 per cent owned by World International, which in turn is 65 per cent owned by Sir Y.K.'s family interests. The results of the two groups, headed by Mr Peter Woo, a son-in-law of Sir Y.K., are below market expectations.

World International said its Wheelock Marden trading division produced satisfactory results, but the Lane Crawford department store company was hit by reduced consumer demand in Hong Kong following events in China.

The interim dividend is 5 cents per share, up from 4.5 cents last time.

A picture of good taste and Japanese respectability

Yasumichi Morishita, the 'pit viper,' is in love with art, reports Michiyo Nakamoto

Mr Yasumichi Morishita, Japanese businessman, financier and stock market speculator, has burst into the news again with his lavish purchases of Picasso, Renoir, Monet and Gauguin pictures at a Christie's auction in London.

In October he grabbed headlines around the world when it emerged that his company, Aska International, had bought a 7.3 per cent interest in Christie's for £33m ($52m).

For Mr Morishita, plagued by constant references in the press to his hardball business ways and bad taste, these purchases are seen by many as a way for him not only to make a killing in the booming Japanese art market but also to buy respectability for both himself and his family.

Born in Aichi prefecture near Nagoya in 1932, the youngest of six children, Mr Morishita began his career in the textile business. He set up a textile company but soon turned to property and then to high-interest commercial lending, at which he quickly proved to be a spectacular success. Company profits for Aichi, his core company, are said to have ballooned from Y1.2bn ($8.3m) in 1986 to Y2.1bn the following year.

The nature of the high-interest loan business and the companies' reported contacts with less than reputable personalities are also thought to have been behind an incident two years ago when gun shots were fired into a car and the garage of Mr Morishita's extravagant home in Tokyo's plush residential district of Denenchofu.

Even before that incident, in 1985 Mr Morishita was arrested for his involvement in the stock watering of Aiden, an audio equipment maker. He is known in Japanese business circles as mamushi, or pit viper. The Aichi group is also well known for its speculative activities on the Tokyo stock exchange.

While group company names are usually kept off shareholders' lists, Aichi alone owns a 21.1 per cent stake in Maruishi Cycle Industries, Japan's third largest bicycle maker, and big holdings in financial companies including a 3.5 per cent stake in Tochigi Bank, a regional bank, a 3 per cent stake in Nichiboshin, a short-term fund supplier, and a 2.4 per cent stake in Tokyo Sogo Bank, a mutual loan and savings bank.

Mr Morishita's love affair with art stems from his childhood days, according to Mr Kiyotaka Kori, manager of Aska's Aoyama gallery in Tokyo, although it is widely reported that his tastes run to huge vases in gaudy colours and bigger-than-life ceramic objects, which are said to crowd his palatial home, commonly referred to as the local Versailles.

The gallery was founded only last year as part of Aska International, which is itself something of a hodgepodge of businesses, having interests in golf wear and interior decoration as well as art.

The interior decorating division of the company took care of the gallery's decor. Mr Morishita, on the urging of Mr Kori, had decided that it would be a good thing, given his own interest in art, to take advantage of the recent surge of Japanese interest in western paintings. "With our stake in Christie's, we have been able to buy history," said Mr Kori. It is an odd thing to buy history with money, he admitted. But with the gallery's short history and lack of know-how, the Christie's connection was essential in enhancing its prospects, including its reputation.

"We wanted to be known as a gallery where people could see Renoirs and Monets, something which is still rare in Japan," he explained.

The Renoirs and Monets are in abundant evidence at the Aoyama Gallery, where they hang on shiny lavender walls with gold bands that separate them from a thick carpet in a dull grey splattered with abstract forms in black and shocking pink.

F L Smidth pays $75m for international rival

By Hilary Barnes in Copenhagen

F.L. SMIDTH, the Danish manufacturer of production equipment for the cement industry, has bought out one of its main international rivals, the Fuller Company of Allentown, Pennsylvania, for $75m.

Fuller is a privately-owned company with a turnover last year of about $200m.

The deal will give FLS about half the world market for machinery for the cement industry, with a turnover about twice the size of its main European competitor, West Germany's Prolysius. FLS and Fuller together will have a turnover of about DKr4.5bn ($654m).

FLS is a division of FLS Holdings, which operates about 150 companies in Denmark and abroad. It specialises in building materials, packaging, steels, aircraft maintenance and service industries. Its turnover last year was DKr8bn.

● East Asiatic, the Danish international trading group, has forecast an increase in annual operating profits before financial items from DKr1.1bn last year to DKr1.2bn. It also sees pre-tax profits climbing from DKr740m to DKr925m, including proceeds from the sale of a shipping company.

Group sales are expected to advance from DKr17.7bn to DKr19bn.

Third-quarter profits were described in a statement as satisfactory, but no figures were given. Six of the group's seven divisions reported improvements in sales and earnings in the first nine months, although the Plumrose food processing unit reported a decline because of difficult market conditions in Venezuela and Germany.

Brewing side helps bolster John Labatt

By Robert Gibbens in Montreal

BREWING operations in North America boosted John Labatt of Canada in the first half, in spite of strong competition and a decline in the food business.

The group, the consumer products and entertainment arm of the Brascan conglomerate, lifted net profit for the second quarter ended October 31 by 22 per cent to C$40.1m (US$34.5m) or 50 cents a share.

Revenues were 4 per cent lower at C$1.3bn, due to disposal of a food processing subsidiary and a wine operation.

First-half earnings advanced 16 per cent to C$83.8m or C$1.04 a share, on revenue 4 per cent lower at C$2.7bn. On a fully-diluted basis, earnings were 92 cents a share against 87 cents.

The brewing business improved productivity, lifted its domestic market share and pushed US sales higher. Gains in Canada came in spite of a flood of low-priced US imports in the key Ontario and Alberta markets. Labatt is also working hard to develop its British and Italian beer operations.

The Canadian dairy business declined from a year earlier because of weak selling prices for ice cream and margarine, while in the US consolidation continued to keep abreast of strongly competitive markets. Margins on food operations remained tight.

Broadcasting and other entertainment holdings improved.

Lafarge Coppée to buy Turkish cement works

By George Graham in Paris

LAFARGE COPPEE, the leading French cement group, has reached agreement in principle on the acquisition of the Turkish cement works, Aslan Cimento, from IsBankasi, the Turkish investment bank.

Aslan, whose 1.2m tonnes a year of capacity give it a market share of 25 per cent in the Istanbul region, represents a way into the fast-growing Turkish market for Lafarge, which became the world's second largest cement group in June, *behind Holderbank of* Switzerland, with its FFr5bn ($828m) deal to acquire control of Cementia in Switzerland and Asland in Spain.

Turkey's cement consumption is currently estimated at 24m tonnes a year, about the same size as France's, and is expected to grow by 10 per cent a year for several years to come.

Three months ago Ciments Français, Lafarge's principal rival in the French market, spent $105m on five Turkish cement works with combined output of around 2.4m tonnes a year.

Aslan's plant on the Asian coast of the Sea of Marmara, including a deep-water port, is understood to be more modern, and analysts said the price would *probably* be between $90m and $95m.

Lafarge would not disclose the price.

Lafarge plans to acquire the 97 per cent of Aslan held by IsBankasi in partnership with its associates, Cementia and Asland.

RWE plans 5% reduction in electricity price

By David Goodhart in Bonn

RWE, West Germany's largest electricity supplier, has followed several of its smaller rivals by announcing a 5 per cent reduction in electricity prices from July next year.

Mr Friedhelm Gieske, chief executive, said the price cut had more to do with the company's successful rationalisation and lower spending on environmental protection than with the decision not to proceed with a nuclear reprocessing plant at Wackersdorf.

Mr Gieske was hopeful of increased business with East Germany, boosting the country's energy productivity and lowering its dependence on *polluting brown coal.*

The company's sales rose 45 per cent to nearly DM39bn ($22bn) last year, due to the acquisitions of Deutsche Texaco and Harris Graphics, with profits climbing from DM360m to DM405m. The dividend has been raised from DM8 to DM9.

Record earnings at C Itoh

C. Itoh and Co, one of Japan's largest trading houses, posted record consolidated net earnings in the first half ended September 30, AP-DJ reports.

The robust performance was mainly attributed to a sharp increase in import traffic as the nation's domestic economy continues to expand.

First-half net income surged 20.4 per cent to Y17.20bn ($119m) from Y14.29bn a year earlier. Total sales advanced 13.5 per cent to Y9,088bn from Y8.008bn.

Per share net rose to Y11.98 from Y11.83. Pre-tax profit figures were not issued as part of the consolidated report.

In a partial breakdown of overall sales, the trader said yen-based import sales soared 51.6 per cent from the same period a year ago, to Y1,251bn. Export sales, on the other hand, eased 2.4 per cent to Y1,123bn, partly reflecting increasing reliance by Japanese producers on foreign manufacturing sites. Domestic sales continued to expand.

Profits soar at ZCCM

By Nicholas Woodsworth in Lusaka

ZAMBIA Consolidated Copper Mines (ZCCM) has posted a profit on metal trading of kwacha 2.77bn ($148m) for its second quarter ended September 30, an increase of more than 800 per cent in local currency terms over the corresponding period last year.

Net profit for the quarter, after taxes and other charges, came to kwacha 394m, compared with kwacha 24m in the same quarter of 1988-89. Total sales revenue for the quarter was kwacha 7.53bn, an increase of 139 per cent compared with a year earlier.

Although copper production at 113,308 tonnes was 7,000 tonnes higher than in the preceding second-quarter, the huge jump in profits was ascribed mainly to higher selling prices and a decrease in the value of the kwacha.

Factors contributing to production increases include an improvement in procurement and replacement of spare parts and better maintainance of mine equipment.

SBC in options alliance

SWISS BANK Corporation is to enter into what it calls a "strategic alliance" with O'Connor & Associates, the Chicago-based options trader and market maker, writes John Wicks.

Working through a new advisory company, to be known as SBC-O'C Risk Management Services, O'Connor will work with SBC to expand the bank's business in European and Japanese equity derivatives markets, interest rate options and related capital market transactions.

The operation will offer similar services for the currency options sector.

The joint operation, which is subject to US regulatory approval, is to be launched next year with a staff of about 400 employees.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1989	Low 1989
Gold per troy oz.	$410.25	-3.50	$420.75	$416.25	$356.5
Silver Per troy oz	364.75p	-10.05	331.60p	376.15p	313.90p
Aluminium 99.7% (cash)	$1655	-54	$2525	$2610	$1652
Copper Grade A (cash)	£1517	-82	£1984	£1982.5	£1474
Lead(cash)	£463.5	+40	£403	£487.5	£337
Nickel (cash)	$8775	-175	$15825	$19350	$8650
Zinc (cash)	$1485	+75	$1563	$2107.5	$1360
Tin (cash)	$6695	+40	$4030	$10760	$5440
Cocoa Futures (Mar)	£552	+1	£836	£947	£544
Coffee Futures (Mar)	£661		£1107	£1270	£658
Sugar (LDP Raw)	$334.6	-13.4	$283	$381.0	$235.8
Barley Futures (Mar)	£113.75	+0.45	£111.05	£113.85	£100.95
Wheat Futures (Mar)	£116.90	-0.95	£114.25	£121.65	£104.7
Cotton Outlook A Index	76.75c	-2.65	81.40c	84.35c	61.35c
Wool (64s Super)	576p		615p	710p	580p
Rubber (Spot)	55.50p	-0.50	59.25p	64p	55p
Oil (Brent Blend)	$18.10z	+0.40	$14.90	$21.35	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. z-Jan.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.60-6.75z	+0.10
Brent Blend	$18.05-8.12z	-0.15
W.T.I. (1 pm est)	$20.03-0.08z	-0.04
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$190-192	
Gas Oil	$215-220	-1½
Heavy Fuel Oil	$113-115	-4
Naphtha	$165-167	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$410.25	+6.00
Silver (per troy oz)♣	564c	+4
Platinum (per troy oz)	$503.25	-0.15
Palladium (per troy oz)	$140.50	-0.25
Aluminium (free market)	$1655	-10
Copper (US Producer)	109½-112c	-2
Lead (US Producer)	39.5c	
Nickel (free market)	405c	+5
Tin (Kuala Lumpur market)	17.76r	+0.05
Tin (New York)	308c	-2
Zinc (US Prime Western)	73¾c	
Cattle (live weight)†	113.41p	-0.14*
Sheep (dead weight)†	213.12p	+8.18*
Pigs (live weight)†	84.79p	-3.88*
London daily sugar (raw)	$334.6x	-2.4
London daily sugar (white)	$376.5x	-1.0
Tate and Lyle export price	£328.5	-2.0
Barley (English feed)	£116.0	
Maize (US No. 3 yellow)	£129	
Wheat (US Dark Northern)	£129.25	
Rubber (spot)♥	55.50p	
Rubber (Jan)♥	59.00p	
Rubber (Feb)♥	59.00p	
Rubber (KL RSS No 1 Jan)	235.5m	+1.0
Coconut oil (Philippines)§	$420.0x	+22.5
Palm Oil (Malaysian)§	$267.5	+12.5
Copra (Philippines)§	$260	+10
Soyabeans (US)	£169	-2
Cotton "A" index	76.75c	-.95
Wooltops (64s Super)	576p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct. x-Dec/Jan. t-Jan/Mar. v-Nov/Dec. u-Dec. w-Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low	
Jan	19.12	19.25	19.17	19.04
Feb	18.85	18.95	18.89	18.77
Mar	18.60	18.65	18.65	18.46
Apr	18.35	18.42	18.39	18.25
IPE index	19.32	19.07		

Turnover: 8509 (14093)

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Dec	654	660	664	659
Mar	632	649	654	644
May	663	639	644	635
Jul	677	674	678	670
Sep	693	690	693	688
Dec	717	716	717	710
Mar	736	737	738	730

Turnover: 3071 (2761) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Dec 8 758.88 (754.40); 10 day average for Dec 11 754.97 (754.73).

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Jan	684	660	684	655
Mar	661	654	664	657
May	677	660	680	670
Jul	690	700	687	687
Sep	706	720	720	708
Nov	726	740	736	728
Jan	746	756	756	750

Turnover: 2990 (3888) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Dec 7: Comp. daily 61.02 (61.19). 15 day average 62.38 (61.60).

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Mar	302.20	303.40	306.60	301.60
May	302.40	304.00	308.20	302.20
Aug	301.20	302.60	304.00	300.60
Oct	292.80	294.60	296.00	292.40
Dec	290.40	292.80	292.00	
Mar	277.00	278.80	281.00	277.00
White				
Mar	375.00	375.00	377.00	375.00
May	361.00	363.60	365.00	360.00
Aug	358.50	359.60	360.00	357.50
Oct	361.20	362.60	363.00	361.00
Dec	348.00	348.50		

Turnover: Raw 1345 (3034) lots of 50 tonnes. White 328 (1368). Paris- White (FFr per tonne): Mar 2285, May 2333, Aug 2400, Oct 2225, Dec 2190, Mar 2190.

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Dec	218.50	220.00	220.00	215.00
Jan	203.75	201.25	204.00	197.75
Feb	191.50	181.25	192.00	186.50
Mar	178.25	169.50	180.50	176.00
Apr	169.00	171.50	171.00	167.00
May	165.25	167.00	165.00	164.50
Jun	155.00	163.50	158.25	158.00

Turnover 13251 (21941) lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 8,675 tonne
Cash	1654-6	1668-70		1656-8		
3 months	1657-8	1670-2	1670/1656	1660-1	1657-8	34,212 lots
Copper, Grade A (£ per tonne)						Ring turnover 38,500 tonne
Cash	1516-8	1528-9	1518/1516	1516-7		
3 months	1528-9	1540-1	1530/1518	1526-8	1524-5	76,011 lots
Lead (£ per tonne)						Ring turnover 6,925 tonne
Cash	463-4	465-6	464/463	464.5-5.0		
3 months	445-6.5	444-5	457/445	445.5-6.0	444-6	11,677 lots
Nickel ($ per tonne)						Ring turnover 1,226 tonne
Cash	8750-800	8750-850	8800	8780-800		
3 months	8195-200	8075-100	8200/8050	8180-200	8125-30	7,604 lots
Tin ($ per tonne)						Ring turnover 345 tonne
Cash	6690-700	6705-10	6700	6680-90		
3 months	6785-90	6805-10	6800/6775	6780-90	6790-800	5,643 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 14,100 tonne
Cash	1510-5	1480-500	1510/1495	1493-8		
3 months	1408-10	1390-5	1412/1380	1392-5	1405-8	18,145 lots
Zinc ($ per tonne)						Ring turnover 2,800 tonne
Cash	1490-80	1460-80	1490	1450-5		
3 months	1380-90	1350-60	1380	1360-70	1390-400	1,654 lots

LME Closing £/$ rate: SPOT: 1.5785 3 months: 1.5540 6 months: 1.5272 9 months: 1.5064

POTATOES – IFE £/tonne

	Close	Previous	High/Low	
Apr	210.5	210.2	211.0	209.5
May	235.4	235.2	235.6	234.0
Nov	120.0	113.0		

Turnover 155 (251) lots of 40 tonnes.

SOYABEAN MEAL – IFE £/tonne

	Close	Previous	High/Low	
Feb	143.00	144.30	143.30	143.00
Apr	142.50	140.50	142.50	

Turnover 72 (26) lots of 20 tonnes.

FREIGHT FUTURES – BIFFEX $10/index point

	Close	Previous	High/Low	
Dec	1609	1606	1600	1590
Jan	1641	1635	1641	1630
Apr	1565	1549	1556	1544
Jul	1385	1388	1385	1385
Oct	1605	1600	1605	1605

Turnover 147 (146)

GRAINS – IFE £/tonne

Wheat	Close	Previous	High/Low	
Jan	113.90	113.90	114.05	113.70
Mar	116.90	116.85	117.05	116.95
May	120.35	120.45	120.60	120.25
Jul	121.80	122.00	122.00	121.80
Sep	102.20	102.95	102.95	102.10
Nov	105.25	[illegible]	[illegible]	[illegible]
Jan	112.30	112.50	112.15	112.15
Barley				
Jan	111.90	110.50	111.90	111.30
Mar	113.75	112.70	113.90	113.25
May	116.00	114.10	116.10	116.00
Sep	102.00	101.60		
Nov	105.25	105.25		

Turnover: Wheat 92 (292), Barley 189 (59). Turnover lots of 100 tonnes.

PIGS – IFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	109.0	108.5	
Apr	110.8	110.5	
Jun	110.3	111.0	
Jul	110.0	110.5	

Turnover 0 (5) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	410-410½	259½-260
Opening	408¾-409¼	259-259½
Morning fix	408.85	259.127
Afternoon fix	409.35	259.766
Day's high	410-410½	
Day's low	406½-407	
Coins	**$ price**	**£ equivalent**
Maple leaf	418-423	264½-267½
Britannia	418-423	264½-267½
US Eagle	418-423	264½-267½
Angel	418-423	264½-267½
Krugerrand	404-412	256½-261
New Sov.	96-98	60¾-61½
Old Sov.	95-99	60¾-61½
Noble Plat	500.30-517.35	[illegible]

Silver fix	p/fine oz	US cts equiv
Spot	354.70	561.00
3 months	367.70	572.55
6 months	381.30	583.70
12 months	405.60	608.60

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1550	114	124	2	21
1650	36	63	25	57
1750	6	27	92	118
Copper (Grade A)	**Calls**		**Puts**	
2300	112	133	18	70
2400	51	84	56	119
2500	17	50	121	182
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
600	63	71		10
650	17	39	4	25
700	2	21	38	57
Cocoa	**Mar**	**May**	**Mar**	**May**
600	65	82	14	19
650	25	36	48	56
700	17	30	68	87
Brent Crude	**Jan**	**Feb**	**Jan**	**Feb**
1800	94	85	10	27
1850	56	55	23	46
1900	30	34	47	76

US MARKETS

IN THE METALS, gold futures had the most active session as prices peaked at 417.80 basis December, reports Drexel Burnham Lambert. Technical buying firmed the market after prices rose above resistance at 410. Silver was up slightly following golds strong preformance. Platinum and copper were both quiet. In the softs, sugar featured sideways trading before closing slightly lower. Cocoa was higher due to some fund short covering. Speculative and roaster buying lifted coffee. The March contract rose 1.70 to close at 78.45. The livestocks had another limit down move in the pork bellies. Live hogs were weighed down by the lower bellies. Lower cash prices pressured the cattle. Cotton futures remained active posting sharp declines. The energy complex continued to have light volume except for the heating oil. Technical buying lifted prices sharply in the days most active market.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	411.8	410.0	416.0	408.7
Jan	414.4	412.6	0	0
Feb	418.6	415.0	420.0	411.3
Apr	421.8	420.0	425.0	416.8
Jun	428.8	424.8	430.0	421.4
Aug	431.5	429.2	433.5	430.5
Oct	436.5	433.7	0	437.3
Dec	441.7	439.0	444.0	437.0
Feb	447.0	444.3	449.0	442.8

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	509.7	510.5	512.0	508.5
Apr	514.3	515.3	516.5	512.0
Jul	519.3	520.3	522.0	518.0
Oct	525.5	526.8	526.0	523.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	564.4	562.3	568.0	559.0
Jan	567.8	565.6	568.0	562.0
Mar	574.1	571.9	576.0	568.0
May	580.5	578.0	[illegible]	[illegible]
Jul	586.4	583.8	[illegible]	[illegible]
Sep	593.2	590.8	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

Dec 7	Dec 6	mnth ago	yr ago
1814.1	1809.7	1867.8	1897.4

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec 7	Dec 6	mnth ago	yr ago
Spot	127.32	127.51	130.54	135.99
Futures	128.68	128.79	131.57	140.84

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	105.05	105.90	105.70	105.30
Jan	105.05	105.40	105.00	104.30
Feb	104.55	104.75	104.00	104.00
Mar	103.85	104.10	104.50	102.80
Apr	103.35	103.55	102.80	102.80
May	102.85	103.00	103.30	101.90
Jun	102.45	102.50	102.00	102.00
Jul	101.95	102.00	102.30	101.50
Aug	101.50	101.80	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jan	20.40	20.51	20.41	20.25
Feb	20.23	20.30	20.24	20.08
Mar	20.02	20.12	20.10	19.94
Apr	19.89	19.92	19.90	19.78
May	19.82	19.76	19.71	19.60
Jun	19.73	19.64	19.62	[illegible]
Jul	19.40	19.44	19.40	19.30
Aug	19.23	19.28	19.23	19.17
Sep	18.07	19.15	19.07	19.00

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jan	6595	6547	6600	6455
Feb	6275	6355	6300	6200
Mar	5870	5987	5970	5860
Apr	5600	5617	5600	5530

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	982	965	1000	970
Mar	948	925	948	925
May	958	938	951	935
Jul	968	949	965	950
Sep	981	961	977	971
Dec	1003	987	1003	985
Mar	1022	1007	0	0
May	1036	1022	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	74.75	73.00	74.75	73.00
Mar	78.46	76.76	78.80	76.40
May	80.80	79.35	80.70	79.70
Jul	82.80	81.50	82.50	81.10
Sep	83.80	83.35	85.00	83.00
Dec	86.00	85.35	85.00	84.75
Mar	88.63	88.13	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	13.80	13.85	0	0
Mar	13.71	13.74	13.87	13.61
May	13.69	13.73	13.85	13.60
Jul	13.57	13.60	13.71	13.48
Oct	13.17	13.19	13.30	13.10
Mar	12.80	12.84	12.72	12.60

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	68.18	67.81	67.81	65.70
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	127.55	128.70	127.50	126.25
Mar	128.15	127.75	128.40	126.80
May	128.00	127.00	128.00	127.00
Jul	126.50	126.00	127.00	126.00
Sep	125.45	125.00	125.50	125.00
Nov	125.00	124.50	[illegible]	[illegible]
Jan	124.00	124.50		
Mar	124.00	124.50		
May	124.90	124.50		

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	579/0	575/4	580/0	573/6
Mar	592/0	588/4	592/4	586/4
May	602/6	599/8	603/0	598/2
Jul	611/0	609/0	612/0	607/2
Aug	613/2	611/0	613/4	609/0
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	19.03	18.57	19.04	18.57
Jan	19.12	19.04	19.26	18.62
Mar	19.55	19.48	19.65	19.05
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lb

	Close	Previous	High/Low	
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar steady after US data

THE US DOLLAR closed steadily yesterday, recovering from losses posted after a weaker-than-expected US employment report. Sterling was firm as the UK's continuing high interest rates helped attract the attention of investors.

Despite the 210,000 rise in November non-farm payroll employment being above market expectations, the dollar quickly came under pressure. Instead, traders focused on the large *downward revision in* October employment growth, to 93,000 from 233,000 previously reported, and also the weakness in manufacturing employment.

Against the D-Mark, the dollar fell half a pfennig to DM1.7630, but then reversed quickly to levels prevailing before the data were released. Most dealers were at a loss to explain the *dollar's change of* direction, though some suspected that the Federal *Reserve may have been inter*vened. "*After the figures every*one was selling. Then suddenly the dollar bounced. It looked as if the Fed may have been in," one London dealer said.

Despite the recovery, dealers were uncertain whether in the coming week the dollar could hold at yesterday's closing *London levels*. They said that the weaker pace of US economic growth revealed by the employment data and other recent reports would prompt the Federal Reserve to ease *monetary policy*.

The Fed is likely to conduct any easing through its open market operations rather than altering the discount rate. Analysts said Federal Funds would then be targetted at 8¼ rather than 8½ per cent, which the market believes is the Fed's current target. However, Mr Avinash Persaud, monetary economist at UBS-Phillips & Drew, said worries about inflation would prevent an immediate easing. Instead, he said the *Fed is likely to wait until the* Federal Open Market Committee meets later in the month.

The dollar closed at DM1.7720 from DM1.7725 on Thursday; at Y144.20 from Y144.30; at SFr1.5975 from SFr1.5920; and at FFr6.0550 from FFr6.0575. The dollar's index, calculated by the Bank of England, was unchanged on the day at 68.8.

Sterling was given a boost at midday in London after an institution was said to have bought £300m for D-Marks at *between DM2.7925* and DM2.7950. The order was executed through a European bank, which then passed it on to the market via three US banks. For the rest of the day sterling tracked the dollar, closing higher as the US unit recovered.

Sterling closed at DM2.7975 from DM2.7925; at $1.5795 from $1.5750; at SFr2.5225 from *SFr2.5075*; at Y227.75 from Y227.25; and at FFr9.5650 from FFr9.5400. Its index closed up *0.2 at 86.7*.

£ IN NEW YORK

Dec.8	Latest	Previous Close
£ Spot	1.5800-1.5810	1.5775-1.5785
1 month	0.84-0.83pm	0.84-0.83pm
3 months	2.39-2.36pm	2.49-2.46pm
12 months	8.38-8.28pm	8.87-8.77pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.8	Previous
8.30 am	86.5	86.1
9.00 am	86.6	86.2
10.00 am	86.6	86.3
11.00 am	86.6	86.3
Noon	86.6	86.3
1.00 pm	86.7	86.3
2.00 pm	86.7	86.3
3.00 pm	86.7	86.5
4.00 pm	86.7	86.5

CURRENCY RATES

Dec.8	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling #	-	1.22021	1.37487
U.S. Dollar	7	1.29199	1.14957
Canadian $	12.46	1.50194	1.33718
Austrian Sch.	6½	16.0659	14.3339
Belgian Franc	10¼	47.9070	42.7610
Danish Krone	10½	8.86434	7.90385
Deutsche Mark	6.00	2.28153	2.03531
Neth. Guilder	7.00	2.57380	2.29660
French Franc	10¼	7.79135	6.95430
Italian Lira	13½	1685.08	1501.91
Japanese Yen	3¾	186.176	165.733
Norway Krone	8	8.74290	7.79464
Spanish Peseta	-	147.390	131.487
Swedish Krona	9½	8.19380	7.29975
Swiss Franc	6.00	2.05105	1.83243
Greek Drach.	20½	N/A	186.540
Irish Punt	-	0.865331	0.771932

Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Dec.7

CURRENCY MOVEMENTS

Dec.8	Bank of England Index	Morgan** Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Dec.7

OTHER CURRENCIES

Dec.8	£	$
[illegible]	[illegible]	[illegible]

*Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Dec.8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5740 - 1.5845	1.5790 - 1.5800	0.83-0.81cpm	6.23	2.47-2.43pm	6.20
Ireland†	1.4840 - 1.4915	1.4865 - 1.4875	0.37-0.32cpm	2.78	1.29-1.19pm	3.34
Canada	1.1605 - 1.1635	1.1615 - 1.1625	0.32-0.36cdis	3.51	1.02-1.06dis	-3.61
Netherlands	1.9890 - 2.0050	1.9990 - 2.0000	0.07-0.04cpm	0.33	0.02pm-0.03dis	-0.01
Belgium	37.00 - 37.35	37.20 - 37.30	2.50-3.70cdis	-1.00	9.50-11.50dis	-1.12
Denmark	6.86 - 6.89¼	6.87¾ - 6.88¼	1.82-1.97oredis	-3.31	5.60-6.00dis	-3.37
W. Germany	1.7610 - 1.7770	1.7715 - 1.7725	0.15-0.13pfpm	0.95	0.17-0.14pm	0.35
Portugal	154.75 - 154.90	154.75 - 154.85	100-130cdis	-8.92	325-375dis	-9.05
Spain	114.20 - 114.95	114.30 - 114.40	62-72cdis	-7.04	192-202dis	-6.90
Italy	1301 - 1310	1305½ - 1306½	4.00-5.00liredis	-4.14	13.00-16.00dis	-4.45
Norway	6.76 - 6.80	6.77 - 6.77½	1.88-2.08oredis	-3.51	6.00-6.30dis	-3.63
France	6.02 - 6.06¼	6.05¼ - 6.05¾	0.75-0.85cdis	-1.58	2.95-3.10dis	-2.00
Sweden	6.33¾ - 6.36¼	6.34¾ - 6.35¼	1.50-1.60oredis	-2.93	5.70-5.95dis	-3.67
Japan	143.80 - 144.35	144.15 - 144.25	0.27-0.25ypm	2.16	0.72-0.69pm	1.96
Austria	N/A	12.44½ - 12.45½	0.15gro-0.40grdis	-0.12	0.60-2.00dis	-0.42
Switzerland	1.5855 - 1.6015	1.5970 - 1.5980	0.10-0.07cpm	0.64	0.21-0.16pm	0.46
ECU	1.1460 - 1.1540	1.1470 - 1.1480	0.21-0.20cpm	2.14	0.70-0.67pm	2.39

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.25-37.35.

POUND SPOT- FORWARD AGAINST THE POUND

Dec.8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5740 - 1.5845	1.5790 - 1.5800	0.83-0.81cpm	6.23	2.47-2.43pm	6.20
Canada	1.8310 - 1.8395	1.8330 - 1.8340	0.47-0.37cpm	2.75	1.29-1.14pm	2.65
Netherlands	3.15 - 3.16½	3.15¼ - 3.16¼	1¾-1⅝cpm	6.65	4⅝-4¼pm	6.10
Belgium	58.65 - 58.95	58.80 - 58.90	28-24cpm	5.30	78-70pm	5.03
Denmark	10.83½ - 10.89¼	10.86¼ - 10.87¼	2⅝-2⅛orepm	2.97	8⅛-7¼pm	2.90
Ireland	1.0570 - 1.0630	1.0600 - 1.0610	0.30-0.25pm	3.11	0.80-0.70pm	2.83
W. Germany	2.79¼ - 2.80¼	2.79½ - 2.80	1⅝-1½pfpm	7.24	4⅝-4½pm	6.52
Portugal	243.30 - 244.75	243.35 - 244.35	26-75cdis	-2.49	123-204dis	-2.68
Spain	180.20 - 181.30	180.60 - 180.90	3-15cdis	-0.60	16-34dis	-0.55
Italy	2059¾ - 2067¾	2062¼ - 2063¼	5-3lirepm	2.33	11-9pm	1.94
Norway	10.68½ - 10.73	10.69½ - 10.70½	2⅞-2½orepm	3.01	7½-7pm	2.71
France	9.52 - 9.59	9.56 - 9.57	3⅞-3⅜cpm	4.78	10⅝-10⅛pm	4.29
Sweden	10.00¼ - 10.05¼	10.02½ - 10.03½	2⅞-2⅛orepm	3.36	6⅞-6¼pm	2.57
Japan	227 - 228½	227¼ - 228¼	1⅝-1½ypm	8.56	4⅝-4½pm	8.01
Austria	19.66 - 19.72	19.66 - 19.70	10½-9½gropm	6.06	29¾-27¼pm	5.86
Switzerland	2.51¼ - 2.52¼	2.51¼ - 2.52¼	1⅝-1½cpm	7.14	4⅜-4¼pm	6.84
ECU	1.3700 - 1.3765	1.3755 - 1.3765	0.50-0.47cpm	4.23	1.38-1.33pm	3.94

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 58.85-58.95 Six-month forward dollar 4.89-4.83cpm 12 months 8.88-8.76cpm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Dec.8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
German D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

Dec 8	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8¼-8⅛ per cent; three years 8⅜-8¼ per cent; four years 8½-8⅜ per cent; five years 8⅝-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec.8	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.8) 3 months US dollars | 6 months US Dollars

bid	offer	bid	offer
[illegible]	[illegible]	[illegible]	[illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) Treasury Bills and Bonds

[illegible]	[illegible]	[illegible]	[illegible]

Dec.8	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Dec 8	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 14⅜ per cent; three months 14¼ per cent; Bank Bills (sell); one-month 14⅝ per cent; three months 14¼ per cent; Treasury Bills; Average tender rate of discount 14.4976 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 30, 1989. Agreed rates for period December 26, 1989 to January 25, 1990, Scheme I: 15.87 p.c. Schemes II & III: 14.43 p.c. Reference rate for period Nov 1, 1989 to November 30, 1989, Scheme IV&V: 15.149 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from December 1, 1989; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11¼ per cent from Oct 6, 1989. Deposits withdrawn for cash 5 per cent.

MONEY MARKETS

Rates ease

UK MONEY MARKET rates were slightly easier yesterday as sterling remained firm. The key three-months interbank rate was at 15⅛-15¼ per cent from 15⅜-15¼ on Thursday.

The Bank of England initially forecast a money market shortage of around £1.1bn and invited an early round of bill offers at which £478m of bills were bought. The Bank's purchases included £30m band 1 bank bills at 14⅞ per cent; £43m band 2 bank bills at 14¾ per cent; and £233m for resale to the market in equal amounts on December 27 and 28 at 14¾-14⅞ per cent.

The forecast shortage was later revised to around £1.3bn,

UK clearing bank base lending rate 15 per cent from October 5

before taking account of the earlier operations. The Bank bought a further £283m bills in the morning. In band 1 at 14⅞ per cent it purchased £13m of Treasury bills and £131m of bank bills. In band 2 it bought £16m Treasury bills and £123m bank bills both at 14¾ per cent.

During the afternoon it bought an additional £308m of bills.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE £/$ OPTIONS £25,000 (cents per £1)

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE EURODOLLAR OPTIONS $1m points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev.
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]

THREE MONTH ECU ECU 1m points of 100%

	Close	High	Low	Prev.
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100%

	Close	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]

THREE MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE MONTH EUROMARK DM 1m points of 100%

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POUND-$ (FOREIGN EXCHANGE)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	92.04	92.04	91.85	91.86
Mar	91.88	91.88	91.71	91.74
Jun	91.75	91.75	91.60	91.62
Sep	91.65	91.67	91.50	91.54

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec	0.6270	0.6310	0.6265	0.6290
Mar	0.6278	0.6318	0.6274	0.6297
Jun	0.6300	0.6315	0.6280	0.6298
Sep	0.6290	0.6290	0.6290	0.6301

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Dec	350.05	350.60	349.10	348.75
Mar	354.20	354.95	353.40	353.30
Jun	-	-	-	358.00

LONDON TRADED OPTIONS

THE LONDON Traded Options Market had a subdued end to the week's trading with volume a modest 31,078 contracts. Calls totalled 22,501 contracts and puts 8,577.

The most heavily traded stock option was again BP with 4,228 contracts, made up of 2,901 calls and 1,327 puts. The busiest series was the January 330 calls with 1,559 contracts. Open interest in BP increased by 3,000 yesterday although all contracts were popular.

BP interest followed demand for its shares on the Stock Exchange. It closed at 322½p on the underlying market in London and then kept on rising in New York. The price is approaching the level it held at October 1987 and analysts are predicting "chart breakout."

The second busiest stock was Grand Metropolitan with 2,020 contracts. Calls predominated, with 1,462 contracts against 558 puts. The group released strong figures on Thursday and the subsequent rise in its share price created a stock shortage which was reflected on the traded options market. The most active GrandMet strike was the April 600 calls with 563 contracts.

British Telecom was reasonably busy in two-way business, with calls contributing 978 contracts and puts 942.

There was large business in Asda calls, the bulk of it in the January 110s where 1,000 contracts traded. In all, 1,010 Asda calls were traded along with 50 puts.

British Aerospace was also popular with 1,063 contracts changing hands, of which 835 were calls and 228 puts. The most popular contract was the Feb 600 call with 440 traded.

The other leading stocks were British and Commonwealth with 1,036 contracts traded, Amstrad with 818 contracts and Prudential with 745.

FT-SE options generally traded steadily but activity became brisk as the market moved higher after 3.30pm. Total volume was 6,703, made up of 3,914 calls and 2,789 puts. The busiest series was the December 2,400 calls with 1,379 contracts.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*493)	420	75	92	97	1½	5	10
	460	36	62	67	5	13	19
	500	16	35	45	26	32	37
ASDA (*113)	110	10	16	20	5	8	10
	120	5	11	15	11	14	15
	130	2½	7	12	19	21	22
Brit. Airways (*209)	180	34	42	44	1	4	5
	200	16	26	29	4½	9	11
	220	5½	14	18	15	17	20
Shell Trans. (*477)	420	66	73	87	2	6	12
	460	33	40	58	6	14	20
	500	10	21	35	26	31	35
Storehouse (*115)	110	8½	16	18½	5½	9	11
	120	4½	11	13	11	14	16
Trafalgar (*371)	360	-	37	44	-	19	27
	377	9	-	-	24	-	-
Utd. Biscuits (*364)	330	41	50	60	3½	8	11
	360	18	31	41	9	15	20
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb	Calls May		Puts Feb	Puts May	
Plessey (*268)	260	11	-	-	½	-	-
	280	¼	¼	-	-	-	-

Option		Calls Jan	Calls Mar	Calls May	Puts Jan	Puts Mar	Puts May
Ferranti (*41)	40	6	8	10½	4½	6½	7½
	45	3	5½	7	7½	9	9½
Polly Peck (*413)	390	38	50	665	8¼	16½	19½
	420	20½	36¼	46¼	22½	29¼	32

Option		Calls Dec	Calls Feb	Calls Apr	Puts Dec	Puts Feb	Puts Apr
Reuters (*1037)	1000	46¼	85¼	109	5¾	24¾	37
	1050	15	56½	81	25¼	46¾	59
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE INDEX (*2363)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

December 8 Total Contracts 31,078. Calls 22,501 Puts 8,577. FT-SE Index Calls 3914 Puts 2789. *Underlying security price. † Long dated expiry months.

LEGAL NOTICES

PERSONAL

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Dec 7	Dec 6	Dec 5	Dec 4	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2720.78	2736.77	2741.68	2753.63	2791.41 (9/10)	2144.64 (3/1)	2791.41 (9/10/89)	41.22 (2/7/32)
Home Bonds	93.44	93.64	93.57	93.59	94.15 (2/8)	87.35 (23/3)	—	—
Transport	1211.06	1213.73	1220.84	1217.64	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	227.55	227.68	228.06	228.18	228.18 (4/12)	181.84 (24/2)	228.18 (4/12/89)	10.50 (8/4/32)

♦Day's High 2756.83 (2754.91) Low 2702.01 (2722.70)

STANDARD AND POOR'S

	Dec 7	Dec 6	Dec 5	Dec 4	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	347.59	348.55	349.58	351.41	359.80 (9/10)	275.31 (3/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	397.90	398.71	399.71	401.52	410.49 (9/10)	318.66 (3/1)	410.49 (9/10/89)	3.62 (21/6/32)
Financial	31.66	31.90	32.24	32.64	35.24 (9/10)	24.30 (3/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	192.38	192.82	193.19	194.07	199.34 (9/10)	154.98 (3/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	375.09	375.83	374.88	374.66	397.03 (10/10)	305.24 (3/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	457.20	456.67	458.55	458.28	485.73 (9/10)	378.56 (3/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec 1	Nov 24	Nov 17	year ago (approx.)
Dow Industrial Div. Yield	3.87	3.97	3.93	3.79
	Dec 7	Nov 29	Nov 22	year ago (approx.)
S & P Industrial div. yield	2.92	2.96	2.98	3.15
S & P Indl. P/E ratio	14.82	14.59	14.51	12.86

NEW YORK ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Pinnacle	9,222,100	10¼	+ 4¾
Lockheed	4,349,900	39⅞	+ ⅜
Fannie Mae	4,008,100	36⅝	− 1½
Chevron	2,492,500	66⅛	− 5⅛
Fst Interstate	2,458,500	48½	− 3½
Abbott Labs.	2,190,800	67⅛	− 1⅛
Warner Comm.	1,829,900	63⅞	+ ⅝
Arkla	1,513,600	21⅞	
Philip Morris	1,404,500	42⅞	+ ⅛
IBM	1,381,200	98	− ⅝

TRADING ACTIVITY

† Volume (Millions)	Dec 7	Dec 6	Dec 5
New York	161.980	145.850	154.640
Amex	13.454	12.366	12.348
NASDAQ	(u)	143.951	132.024
Issues Traded	1.976	1,971	1,976
Rises	611	700	650
Falls	838	755	834
Unchanged	527	516	492
New Highs	61	71	92
New Lows	36	45	41

CANADA

TORONTO	Dec 7	Dec 6	Dec 5	Dec 4	1989 HIGH	1989 LOW
Metals & Minerals	3325.62	3344.30	3369.31	3366.52	3919.2 (1/9)	3207.5 (3/1)
Composite	3969.45	3951.66	3939.84	3952.66	4037.8 (6/10)	3360.5 (6/1)
MONTREAL Portfolio	2019.01	2015.30	2007.53	2018.00	2069.68(10/10)	1677.48 (3/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec. 8	Dec. 7	Dec. 6	Dec. 5	1989 HIGH	1989 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1626.1	1634.5	1639.6	1637.1	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	803.4	804.2	802.3	802.6	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	(c)	452.51	437.92	429.43	515.09 (11/10)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6547.91	6587.42	6575.49	6564.47	6805.28 (26/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	356.26	359.39	360.93	359.27	360.93 (6/12)	275.49 (27/2)
FINLAND						
Unitas General (1975)	613.7	621.3	(c)	626.3	815.8 (18/4)	580.8 (23/11)
FRANCE						
CAC General (31/12/82)	547.6	547.8	542.6	543.8	561.6 (11/10)	417.9 (4/1)
Ind. Tendance(30/12/88)	126.6	126.3	125.7	124.3	128.1 (10/10)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	691.26	700.14	695.74	684.01	700.14 (7/12)	535.78 (27/2)
Commerzbank (1/12/53)	2045.3	2068.9	2054.4	2018.8	2068.9 (7/12)	1595.7 (27/2)
DAX (30/12/87)	1650.79	1664.08	1658.35	1626.61	1664.08 (7/12)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2754.11	2770.00	2756.39	2764.44	3309.64 (15/5)	2093.61 (5/6)
IRELAND						
ISEQ Overall (4/1/88)	1717.20	1723.46	1732.79	1719.90	1848.93 (10/8)	1360.64 (10/1)
ITALY						
Banca Com. Ital. (1972)	(c)	669.22	667.87	667.96	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	37724.06	37858.11	37654.29	37494.17	37858.11 (7/12)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2871.93	2879.02	2867.32	2850.82	2879.02 (7/12)	2366.91 (6/1)
2nd Section (4/1/68)	3779.96	3767.02	3754.16	3744.59	3804.11 (9/10)	2774.38 (27/3)
NETHERLANDS						
CBS TU.Rtn.Gen.(End 1983)	263.8	263.2	262.3	263.8	272.7 (21/9)	208.3 (3/1)
CBS All Shr (End 1983)	202.5	202.0	201.3	202.5	210.5 (8/9)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	654.54	643.30	640.18	632.42	695.50 (28/9)	467.17 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	(c)	(c)	(c)	(c)	1396.26 (20/11)	804.62 (6/2)
SINGAPORE						
Straits Times Ind. (30/12/66)	1444.96	1445.54	1443.33	1431.39	1445.54 (7/12)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	2161.0	2168.0	2117.0	2084.0	2168.0 (7/12)	1291.0 (15/2)
JSE Industrial (28/9/78)	2741.0	2725.0	2659.0	2618.0	2838.0 (25/8)	1961.0 (3/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	864.50	874.94	883.27	884.12	1007.80 (3/4)	846.30 (1/7)
SPAIN						
Madrid SE (30/12/85)	(c)	304.56	(c)	305.55	328.93 (13/9)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4070.3	4007.4	4000.6	3977.0	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	770.9	772.6	770.4	771.0	829.1 (6/9)	613.1 (3/1)
TAIWAN**						
Weighted Price (30/6/66)	8513.80	8123.50	8283.56	8701.15	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	793.88	783.80	785.40	(c)	793.88 (8/12)	386.73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	556.7	557.7	555.2	557.7 (7/12)	487.6 (13/6)

**Saturday Dec. 2: Taiwan Weighted Price: (c) Korea Comp Ex. 896.34.
♦ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

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AMERICA

Employment statistics help Dow to rally

Wall Street

A MIXED message from the November employment figures sent equity prices on Wall Street sharply higher yesterday morning, but the rally had its nervous moments as the day wore on, *writes Anatole Kaletsky in New York.*

The Dow Jones Industrial Average jumped 17 points at the opening on hopes of an early cut in interest rates, immediately erasing the whole of Thursday's 15.99-point loss.

When the the Federal Reserve failed to send the market a signal of policy intentions at its normal mid-morning money market intervention time, however, both equity and bond prices began surrendering their early gains. At 1 pm the Dow's gains had been trimmed to less than 7 points, before share prices began to rise again.

By 2 pm the Dow stood 14.29 ahead at 2,735.07 with trading volume subsiding to quiet, Friday levels. By lunchtime, 97m shares had been traded and gains led losses by a narrow margin of seven to six.

The day's main event was the release of the November employment figures, which showed a 210,000 rise in non-farm payrolls and an 0.1 percentage point increase in unemployment to 5.4 per cent.

While the November employment growth was well above the market's expectation, the real significance of yesterday's figures was in the revision of the October payroll figure to only 93,000 from 233,000. The two months' figures together were seen as indicating a weak economy which would provide the Fed with ample grounds to ease interest rates.

Adding to the potentially bullish implications of the figures, at least for the bond market, the report showed a small decline in average hourly wages and an accelerating drop of 27,000 in manufacturing employment. The bond market responded initially with gains, but scepticism set in when the Fed failed to suggest the hoped-for easing by doing repurchase operations in the money market.

The big early gains in the stock market failed to hold by lunchtime, partly because of continuing weakness among the technology blue chips and some signs of disappointment in interest rate-sensitive stocks.

IBM fell $1⅛ to $96¾ and Digital Equipment was down $1⅞ at $84¾. Federal National Mortgage (Fannie Mae), the big government-guaranteed insurer of consumer home loans, which has been one of the market's favourite interest rate plays throughout the last 12 months, fell $2¼ to $34¼.

Another significant loser was Pfizer, which fell $3⅝ to $69⅞ after forecasting lower profits. Tonka, the toy maker, plunged $1⅝ to $12⅛ on reports of disappointing Christmas demand.

The day's most important gains were in the oil sector, following Pennzoil's revelation on Thursday that it had bought a big stake in Chevron but did not intend to bid for the San Francisco-based oil giant. Chevron bounced back $1 to $67¼, while Pennzoil gained $2¼ to $85⅝.

Chrysler rose $⅝ to $19¼ on unconfirmed speculation on a leveraged buy-out.

Canada

INCREASES in the bond market following US November unemployment figures boosted Toronto stocks by midsession in light trading.

The composite index rose 10.9 to 3,980.4 with volume of 14m shares. Advances outpaced declines by 272 to 172.

Campeau gained 85 cents to C$4.80. Yesterday was the deadline for a bid for its Bloomingdale's department store chain, which Campeau put up for sale as part of a debt relief deal.

Laidlaw gained C$¼ to C$25¼ in active trading. The stock is said to be popular as a hedge against recession.

EUROPE

Active bourses give December a warm start

CONTINENTAL bourses closed the week mostly in busy mood, either in terms of volume, sentiment, or incident. While Milan, Madrid and Vienna took a holiday, most of the rest seemed unwilling to let the year go out with a whimper, *writes Our Markets Staff.*

FRANKFURT's volume stayed in the big league, but the foreign buying boost came second *to profit-taking* yesterday. The FAZ index fell 8.88 to 691.26 at midsession, 2.1 per cent higher on the week, and the DAX closed the day down 13.29 to 1,650.79, a rise on the week of 2.4 per cent.

Volume subsided from Thursday's DM11.1bn record, but stayed high at DM8.8bn, reflecting what was seen as primarily US buying, followed by Japanese. A fall in the D-Mark against the dollar did more damage to prices, where Siemens, down DM9.50 to DM656, and Daimler Benz, down DM9 to DM710, took more of a hit than the average blue chip.

However, the profit-takers took bigger lumps out of Metallgesellschaft, which fell *DM43 to DM523* after a very good run. Veba dropped DM5.50 to DM361 as it insisted that Merrill Lynch, as an agent for a group of shareholders, had offered it 25 per cent of Feldmühle Nobel at over DM600 a share which, said Veba, was too high. Merrill Lynch, meanwhile, had denied owning, or offering the block.

PARIS ended a week of healthy gains on a high note, with the US employment figures and Wall Street's reaction encouraging a late burst of buying.

Blue chips attracted a lot of interest, including Michelin, *which has long been a laggard,* and yesterday picked up FFr8.40 to FFr174.70 in large turnover of 717,000 shares, or nearly 1 per cent of the capital.

The OMF 50 index gained 2.18 to 540.66, a rise of 2.7 per cent since last Friday, while the CAC 40 index advanced towards the promised land of 2,000, adding 13.66 to 1,979.29.

Volume was thought to be around FFr3bn, after Thursday's strong figure of FFr3.5bn.

Michelin was propelled by a recommendation from a leading broker and from talk of a capital increase to finance its $690m acquisition of Uniroyal. There was speculation that the share price could be supported before such an increase, but the company denied it was planning anything.

Pechelbronn, the holding company, rose sharply when it emerged that AGF, the state insurance group, was seeking a price of FFr2,000 instead of the FFr1,600 on offer to minority shareholders under the plan to turn Pechelbronn into a limited partnership. The share price surged to FFr1,875 before closing FFr100 higher at FFr1,809 after 71,000 shares changed hands. Worms, the majority shareholder, rejected AGF's request.

BRUSSELS saw profit-taking and the cash market index fell 39.51 to 6,547.91, fractionally *lower on the week. UCB closed* BFr325 higher at BFr21,800, having opened at BFr21,975.

UCB has risen by 11 per cent since Wednesday. The chemical company has been the target of speculation mooting domestic and Japanese interest, but it said yesterday that only its results, due next Thursday, were on the agenda.

Elsewhere, the market reacted warily to SGB's regrouping of its non-ferrous metals interests. The companies involved, Acec and the copper refiner Hoboken, had a speculative rise ahead of their suspension last Tuesday; yesterday Hoboken plunged 11 per cent to BFr23,775 and Acec's new shares, regrouped by a factor of 10, looked to be BFr350 lower at BFr5,010.

AMSTERDAM had a quiet day, finding no clear lead from a steady bond market and dollar, a slightly better Wall Street but a weaker Frankfurt. The CBS tendency index edged up 0.4 to 187.6, a rise this week of 1.1 per cent. Turnover was *fairly low at Fl 619m.*

Fokker initially lost Fl 1 after news that a big order from Pan Am via the joint venture leasing company, GPA Fokker 100, had been called off. But it recovered to close 50 cents down at Fl 42.20.

STOCKHOLM gained more than 2 per cent yesterday in buoyant trading, as the flotation of Trygg Hansa, Sweden's second largest insurance company, was well received. The Affärsvärlden General index gained 26.1 to 1,190.5, for a 2.5 per cent rise on the week, in turnover of SKr393m, down from SKr561m on Thursday.

Trygg Hansa B shares had been expected to change hands at about SKr180, but most trading was in the SKr200 to SKr220 range. They closed at SKr205 on turnover of SKr13m.

Ericsson, the telecommunications company, also performed well, with its free Bs up SKr21 at SKr855 in the day's most active trading.

OSLO was in good form, with domestic institutions in the mood for buying, the oil price looking firm, and Norwegian oil companies announcing that reserves seemed to be better than expected. The all-share index gained 8.02, or 1.6 per cent, rising above the 500 level to 505.67.

News that the Government plans to sell NKr1bn of state-*owned shares and properties* next year to contain its budget deficit – now expected to reach NKr8.4bn in 1990 – came late in the day. Monday's session should be interesting, said one analyst, with speculation over which shares are on the Government's selling list.

The state owns 51 per cent of Norsk Hydro, for example, which yesterday gained NKr3.5 to NKr161.5. The analyst added that the state might also seek to reduce its holding in Scandinavian Airlines System (SAS), which is 50 per cent owned by the governments of Sweden, Norway (through the DNL company) and Denmark.

COPENHAGEN fell as profit-taking emerged in quiet trading. The bourse index dropped 3.13 to 356.26 for a 1 per cent fall on the week.

HELSINKI retreated after the previous day's gains in free shares. The Unitas all-share index lost 7.6, or 1.2 per cent, to 613.7.

SOUTH AFRICA

JOHANNESBURG was little changed, with shares holding on at recent high levels. Profit-taking offset welcome news on the halving of the military service term.

Italy pays the price for its wayward characteristics

John Wyles on the borsa's restricted development

THE MILAN stock market these days resembles a slightly delinquent adolescent whose capacity to command attention is much diminished.

In the heady boom of 1985-86 – when companies were raising close to L15,000bn, prices were soaring and money was pouring into newfangled institutions called unit trusts – investors were disposed to regard its more wayward characteristics as almost quaint aberrations.

After all, what did the absence of insider trading regulations matter if special situations abounded; and how could the lack of any proper system of protection for minority shareholders hurt when the market's only sense of direction appeared to be upwards?

But with the froth long since blown away, many analysts believe such shortcomings are a definite curb on the market's development. Foreign institutions, fearful of being caught on the minority side of deals executed to the advantage of controlling shareholders, require large price discounts before throwing caution to the winds. The Italian saver, for his or her part, has become an unbeliever, as the continuing net outflows from unit trusts vividly testify.

Overall, the market has appeared limp and lifeless for most of the year, except for a vivacious summer spell which took the Comit index from about 680 at the end of June to just over 734 at the end of August, a peak which was an appetising 22.8 per cent above the index's year-opening level. This blush of bullishness partly reflected the infective optimism of other world stock markets, and partly the interest which a few large groups had in freshening up the borsa before the capital increases they were planning.

Alarmed by the worldwide falls of mid-October, the market fell back to 656 and, in spite of half-hearted attempts to talk some life back into it, volume and prices are pretty flat. Nevertheless, some see reasons for optimism in the next few months.

"The market looks more promising simply because prices are lower," says Mr Paolo Azzoni of Gamba & Azzoni, the Milan stockbrokers. He adds that the growth in corporate profits and the general outlook for the Italian economy is brighter than for most of its equivalents in Western Europe. Mr Roberto Morelli of County NatWest in London agrees, pointing out that Milan is relatively underpriced compared with other European exchanges, excluding London, with price/earnings ratios lower than they have been for at least 10 years.

Undeniably, however, the Milan market needs more liquidity, and falling interest rates to trigger it. This could be achieved by a slowdown in the world economy feeding through into lower official rates in Italy. Without such an easing, investment competition from the state could be overwhelming, given that the Government must refinance about 60 per cent of its debt next year, a task that implies monthly calls on domestic financial markets of at least L500,000bn.

Mr Azzoni thinks that defensive stocks such as food and agro-industry could have a strong appeal against this background. The food sector has already had a good year, with price increases averaging about 37 per cent, thanks both to foreign interest in acquiring Italian producers and the activities of Ifil in launching (with BSN-Danone) a L2,240bn takeover of Galbani.

Agro-industry means the Ferruzzi group, which many investors approach rather cautiously because of Mr Raul Gardini's reluctance to share, with minority shareholders, both his strategic thoughts and the premium prices he has obtained during the constant restructuring of his empire.

Banks may continue to be strong, in spite of the fact that the state is the controlling shareholder in the vast majority. Price rises have averaged 40 per cent this year, in anticipation of the wave of partial privatisations which could follow the law currently before Parliament, encouraging publicly-owned banks to seek private capital by turning themselves into limited companies.

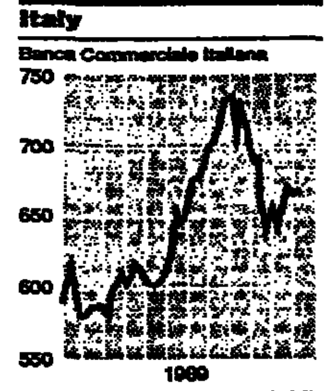
This is only one effort under way in Italy to modernise a backward sector of the public economy before the opening of the European Community's internal market. Vast investment sums are being poured into telecommunications, which Mr Morelli believes could be translated into higher stock prices for companies such as Sip, the state telephone operator, because the potential growth through efficiency gains is so high.

Undoubtedly, though, the politicians could do a great deal more. The absence of a regulatory panoply continues to drive money away. While Mr Azzoni gives the highest priority to the passage of an anti-trust law which is still before Parliament, "because it will indicate a less monopolistic market in the future," others cite the importance of legislation to curb insider trading and to regulate public offers.

Two of Italy's most distinguished economists, Mr Franco Modigliani and Mr Enrico Perretti, argued at length in a newspaper article this year that the relative stagnation of the Milan market was almost entirely due to the absence of investor protection legislation.

The nine largest public and private groups, which account for 72 per cent of the market's capitalisation, enjoy enormous discretionary powers over the rights of minority shareholders. In practice, say the economists, the minority does not share in the profits when control of a company passes from one owner to another.

Italy



ASIA PACIFIC

Nikkei falls as investors 'pound rice-cake'

Tokyo

A WEAKER yen and caution about high prices stopped the market in its tracks yesterday, and shares closed lower for the first time this week, *writes Michiyo Nakamoto in Tokyo.*

Index-linked buying gave prices an early measure of support, but mounting fears of overheating triggered caution. After fluctuating between a high of 37,880.16 and a low of 37,624.79, the Nikkei closed 134.05 lower at 37,724.06, but up 1.6 per cent on the week.

Declines at 575 far outnumbered advances at 361, while 195 issues were unchanged. Turnover slipped further to 850m shares from 944m on Thursday, the broad-based Topix index lost 7.09 to 2,871.93 and, in London, the ISE/Nikkei 50 index slipped 0.03 to 2,165.02.

Yesterday's drop was hardly a surprise after a four-day rising streak. Weakness in overseas markets contributed to the cautious mood, which led investors to take profits or at least refrain from activity before the release of US unemployment statistics for November, and the weekend.

Interest turned increasingly to the laggards: Heiwa Real Estate, for example, is typical of the issue that is bought at the end of the year on expectations of a quick profit, said Mr Shin Tokoi at County NatWest Securities. Heiwa, owner of the Tokyo Stock Exchange building, gained Y60 to Y2,400.

The selection of such issues was an indication that investors were focusing mostly on the short term, selecting stocks with volatile price swings and moving quickly from issue to issue, Mr Tokoi added.

The locals have a phrase for this. They call it a "rice-cake pounding" market, as the up-down motion smacks of the *movement of the pestle in the* urn – while a quick profit should provide enough cash to buy rice cake for the new year.

Heavily-capitalised companies suffered from the weak yen, which threatens pressure on interest rates. Steels were hard hit because they have recovered a substantial amount of their former losses. Sumitomo Metal Industries dropped Y14 to Y904 and Kobe Steel lost Y19 to Y858.

Resource issues were the *star performers.* Sumitomo Metal Mining, Japan's largest gold mining company, advanced Y350 on continuing firmness in gold prices. It topped the most actives list with 37.3m shares and closed up Y60 at Y2,330.

Osaka was not impressed by the problems visualised in Tokyo, and closed at its 14th record of 38,934.07, up 89.00. Volume eased to 85m shares from 102m on Thursday.

Roundup

MOST markets in the region weakened, although Taiwan and Bombay bounced back.

SINGAPORE ended a strong week with mixed fortunes, as *buying in special situations* balanced widespread profit-taking. The Straits Times industrial index eased 0.58 to 1,444.96, a rise on the week of 2.5 per cent. Turnover was a healthy 86m shares worth S$189m, although down from Thursday's 129m and S$284m.

TAIWAN rebounded from its recent, politically-inspired setback as bargain-hunters moved in. The weighted index, which lost 4.7 per cent over the week, closed 390.30 higher at 8,513.80 in more active trading.

AUSTRALIA remained subdued, the All Ordinaries index easing 8.5 to 1,626.0, barely changed on the week. Volume was 107m shares worth A$171m, up from Thursday's 104m worth A$157m.

Bond Corp closed unchanged at 20 cents. Adelaide Steamship began legal proceedings yesterday to appoint a receiver to the Bond subsidiary, Bell Resources, in which it has a 19.9 per cent stake.

NEW ZEALAND weakened in trading influenced by the off-market sale of a block of 14m shares in Brierley Investments, apparently by a foreign institution. The Barclays Index fell 6.26 to 2,009.64, a 3 per cent *drop this* week.

HONG KONG more than reversed its gains of Thursday to end 15.89 lower at 2,754.11 in light turnover worth HK$672m.

SEOUL saw the composite index fall for a seventh session, down 10.44 to 864.50, for a week's loss of 3.8 per cent.

BOMBAY climbed sharply after Mr Ajit Singh, the new industry minister, said the Government would pursue liberal economic policies. The stock exchange index gained 23.99 to 756.08.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 7 1989						WEDNESDAY DECEMBER 6 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (95)	148.11	-0.4	139.42	125.79	-0.4	5.40	148.74	139.92	126.33	160.41	128.26	146.78
Austria (19)	159.21	+1.9	149.87	146.89	+2.4	1.66	156.18	146.92	143.29	172.22	92.84	97.26
Belgium (63)	149.84	-0.1	141.05	137.84	+0.2	4.03	150.00	141.11	137.43	150.00	125.58	133.36
Canada (122)	150.71	-0.2	141.87	126.87	+0.2	3.21	150.43	141.31	125.47	154.17	126.67	121.36
Denmark (38)	234.64	-1.0	220.87	219.84	-0.5	1.44	237.06	223.01	220.73	237.06	165.35	157.48
Finland (26)	129.92	+1.7	122.30	113.62	+2.0	2.48	127.71	120.14	111.63	153.16	118.63	137.99
France (128)	146.82	-0.2	138.20	136.50	+0.2	2.67	147.05	138.33	136.09	147.05	112.57	110.91
West Germany (95)	111.41	+0.2	104.87	102.66	+0.8	2.03	111.05	104.46	101.90	111.41	79.56	87.56
Hong Kong (46)	116.41	+0.4	109.58	116.78	+0.4	4.86	115.91	109.04	116.29	140.23	86.41	110.79
Ireland (17)	171.15	-0.1	161.11	162.02	+0.2	2.71	171.45	161.29	161.70	171.45	125.00	131.60
Italy (97)	92.73	-0.1	87.29	90.58	+0.2	2.52	92.85	87.35	90.36	96.73	74.97	84.69
Japan (455)	197.62	-0.1	186.03	160.28	+0.2	0.45	197.73	186.01	179.73	[illegible]	164.22	190.10
Malaysia (36)	212.83	+0.7	200.34	221.80	+0.8	2.39	211.27	198.75	220.06	212.83	143.35	142.46
Mexico (13)	297.24	+3.2	279.80	864.46	+3.4	0.60	288.09	271.01	836.28	326.61	153.32	174.20
Netherland (43)	136.86	-0.0	128.83	124.87	+0.4	4.27	136.91	128.80	124.38	136.91	110.63	110.34
New Zealand (18)	73.71	-1.6	69.39	66.98	-1.8	5.42	74.94	70.50	67.17	88.18	62.64	68.72
Norway (24)	184.76	-0.3	173.92	170.09	-0.1	1.61	185.38	174.40	170.29	186.39	130.92	129.21
Singapore (26)	170.35	+0.4	160.35	161.98	+0.2	1.97	169.62	159.57	151.54	170.82	124.57	119.68
South Africa (60)	180.26	+2.3	169.70	156.07	+2.2	3.67	176.19	165.75	152.53	180.26	115.35	122.39
Spain (43)	159.59	-0.6	150.23	138.25	-0.4	3.60	160.51	150.99	138.74	169.75	143.14	149.35
Sweden (35)	171.73	+0.7	161.67	161.51	+0.1	2.12	171.57	161.78	161.28	188.94	138.45	142.60
Switzerland (64)	92.15	-0.2	86.74	90.96	+0.1	1.97	92.34	86.87	90.86	94.16	67.81	78.71
United Kingdom (304)	150.45	-0.3	141.62	141.62	-0.3	4.37	150.94	142.00	142.00	158.41	133.28	135.70
USA (544)	140.96	-0.2	132.71	140.96	-0.3	3.30	141.37	132.99	141.37	146.29	112.13	112.60
Europe (983)	134.03	-0.2	126.17	125.09	+0.1	3.36	134.24	126.29	124.97	134.24	112.63	114.04
Nordic (121)	174.43	-0.4	164.19	158.88	+0.0	1.82	175.13	164.75	158.92	178.38	137.95	136.56
Pacific Basin (686)	192.60	-0.1	181.30	175.62	+0.2	0.69	192.71	181.29	175.15	194.72	160.44	165.07
Euro-Pacific (1861)	169.27	-0.1	159.34	155.42	+0.2	1.55	169.43	159.39	155.08	169.43	141.56	156.63
North America (666)	141.46	-0.2	133.16	140.09	-0.2	3.30	141.81	133.41	140.43	146.66	112.79	113.09
Europe Ex. UK (689)	122.83	+0.0	115.62	114.67	+0.2	2.69	122.88	115.60	114.57	122.88	98.30	100.32
Pacific Ex. Japan (213)	132.48	+0.0	124.70	118.51	+0.2	4.57	132.57	124.80	118.72	140.56	111.93	124.92
World Ex. US (1855)	168.82	-0.1	158.91	154.68	+0.2	1.62	168.91	158.90	154.31	168.91	141.49	155.09
World Ex. UK (2096)	158.56	-0.1	149.25	150.88	+0.1	1.94	158.72	149.32	150.71	158.72	136.98	139.09
World Ex. So. Af. (2340)	157.67	-0.1	148.42	149.95	+0.1	2.13	157.90	148.54	149.65	157.90	136.67	136.67
World Ex. Japan (1945)	138.86	-0.2	130.71	134.35	-0.1	3.38	139.10	130.88	134.46	140.43	114.51	114.06
The World Index (2400)	157.81	-0.1	148.55	149.98	+0.1	2.15	158.00	148.64	149.86	158.00	136.68	136.77

Constituent change 8/12/89: Deletion: Inspectorate (Switzerland). Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks No. of bargains included 11

Greater London Council 6¾% Stk 90/92 – £87 ½ 8
Birmingham Corp 3% (1902) 1932(or after) – £25♦
Birmingham District Council 11½% Red Stk 2012 – £100 (5De89)
Leeds(City of) 13½% Red Stk 2006 – £116 (6De89)
Liverpool Corp 2¾% Red Stk 1925(or after) – £23 (1De89)
Newcastle-Upon-Tyne(City of) 11¼% Red Stk 2017 – £97½ (1De89)

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Australia & New Zealand Banking Gp New $A1(50% Pd&Rtg 50% Dlv Till 30/9/90) – 190 (1De89)
Bank of Ireland(Governor & Co of) 7% Ln Stk 86/91 – £83♦
Barclays PLC ADR (4:1) – $33.86 .97 (1De89)
Barclays Bank PLC 7¾% Uns Cap Ln Stk 86/91 – £91 (5De89)
8¼% Uns Cap Ln Stk 86/93 – £85 ¾ 6 ¼ ½
12% Uns Cap Ln Stk 2010 – £99¼ ¾ ¾
16% Uns Cap Ln Stk 2002/07 – £122
GPG PLC 4.2% Cum Prf £1 – 56½♦
Lombard North Central PLC 6% Cum 1st Prf £1 – 60 (4De89)

Breweries and Distilleries

Commercial, Industrial, etc

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Financial Trusts, Land, etc

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Insurance

Investment Trusts

Fleming Mercantile Inv Trust PLC 2.8% Cum Prf Stk £1 – 48½ (5De89)
4¼% Perp Deb Stk – £41 (6De89)
Foreign & Col Invest Trust PLC 7¼% Deb Stk 89/94 – £88 (5De89)
7% Uns Ln Stk 88/93 – £88 (4De89)

Plantations

Shipping

Utilities

Water Works

USM Appendix

Quarto Group Inc Shs of Com Stk $0.10 (Rest. Transfer) – 155
Savage Group PLC 6.5% (Net) Cum Red Cnv Prf £1 – 51½♦
SelecTV PLC Ord 1p – 11 (4De89)
Sheldon Jones PLC Ord 25p – 82
Total Systems PLC Ord 5p – 13 (1De89)
Vistec Group PLC Ord 1p – 13 ½
Wescol Group PLC Ord 10p – 95 (5De89)

The Third Market Appendix

Rule 535(2)

Phoenix Oil & Gas 20♦ (1/12)
Selangor Coconuts 20, 354, HK$2.3 (5/12)
Selangor Properties S$1.60114
Singapore Land C$14.068178, S$13.85, 14.077
Southwest Gold mines 2.68, A$.0545 (5/12)
Victoria Petroleum 8, A$.169
Westfield Minerals 60♦ (5/12)

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LONDON STOCK EXCHANGE

Confident end to trading account

THE UK stock market moved confidently into the pre-Christmas trading account yesterday with market trading firms bracing themselves for the opening of dealings in the £5.24bn water privatisation issues next Tuesday. Equities added another 16 points to the recent gain to reach their best closing level since September 22. Trading volume remained good by recent standards but was heavily slanted towards a batch of market heavyweights, a factor which also had an undue effect on market indices.

The closing FT-SE level of 2,363.5, plus 16.8, was just below the best of the day and also below the trading peak of the previous session, and this lent credence to warnings from some analysts that the market could run into profit-taking once the water privatisation excitement dies down.

Account Dealing Dates			
*First Dealings:	Nov 27	Dec 11	Dec 27
Option Declarations:	Dec 7	Dec 21	Jan 11
Last Dealings:	Dec 8	Dec 22	Jan 12
Account Day:	Dec 18	Jan 8	Jan 22

*New time dealings may take place from 9.00 am two business days earlier

The two-week equity account which closed last night has seen an advance in the market of 141 Footsie points, or 6.3 per cent. The upturn has reflected both a growing optimism that domestic interest rates have peaked, even if sterling comes under pressure, and increased speculative activity in several major sectors, notably the financial and property stocks.

Equities were mixed during the early part of yesterday's trading session and appeared content to replace an initial dip of 9 Footsie points with a net gain of 5.6 by early afternoon. The final upswing came after 3.30pm when dealings opened for the new account and share deals are not due for payment until the end of the new trading period.

Seaq volume of 480.1m shares, against 492.6m on Thursday, was focused around a handful of big names. British Telecom rose strongly on 14m shares and accounted for more than five points of the day's Footsie gain, according to market analysts. US-based securities firms bought heavily on the argument that Telecom is cheaper than the US phone companies: Telecom executives lunched at Salomon International in London yesterday, but other US firms, including Morgan Stanley and Goldman Sachs, were also active in Telecom stock yesterday. UK funds have been cautious in recent weeks on the outlook for Telecom.

Also busy was British Petroleum (13m shares) Shell (6m) and British Aerospace (4.1m). Some traders warned that this emphasis on a selection of heavy stocks implied a warning against over exposure elsewhere in the market.

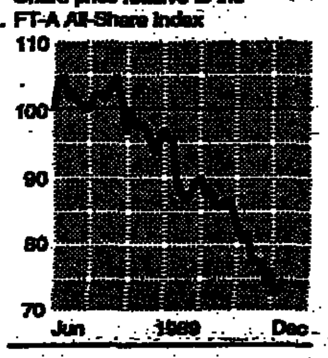
Speculative activity continued, however, notably on the banking and financial sectors which have performed strongly over recent weeks on a combination of bid speculation and recommendation for their defensive qualities. Property shares, which have held the limelight this week following news of a major financial restructuring at British Land, were calmer.

Sharp advance in BAe

Shares in British Aerospace (BAe) rose on hints in the market that problems have been resolved over the financing of Saudi Arabian purchases of military equipment under the Al-Yamamah defence contract. This was not confirmed by British Aerospace, but Mr Pete Deighton at County NatWest WoodMac said: "If it is confirmed, then it will reestablish confidence in the UK's major defence export contract."

Aerospace is the lead contractor on the project, said to be worth a total of around £20bn, and the shares gained 31 to 557p on turnover of 4.1m, with the share options also very active. Fears for the Al-Yamamah deal surfaced last month following speculation that weakening oil prices might trigger a shortfall in Saudi payments. There was speculation that a new finance package was needed to avoid postponement or even cancellation of some parts of the contract.

British Aerospace
Share price relative to the FT-A All-Share Index



BAe shares were also helped by the UK Government's adoption of the European Family of Anti-Air Missiles System (FAMS).

Bankers active

Hambros, a long-standing subject of bid speculation among merchant banks, was joined in the frame yesterday by Kleinwort Benson. European investors focused on both amid continuing vague talk that the former would be the subject of a bid by Banque Indosuez, and a seemingly *firmer suggestion*, surfacing for the first time, that Dresdner Bank was interested in the latter.

Kleinwort shares climbed 15 to 408p with one dealer estimating turnover as "at least 500,000 shares." This is higher than average and compares with an unusually low 4,000 on Thursday. Hambros continued the week's good run, also closing 15 better at 289p.

Dresdner is announcing 10-month figures on Monday when, according to some market sources, a tie-up would be announced. Analysts were cautious. Mr Steven Thorn at UBS Phillips & Drew said that Kleinwort would be expensive. "It is not quite as attractive to Dresdner as Morgan Grenfell was to Deutsche Bank. The return on equity is 8.5 per cent compared with 12.9 per cent at Morgan." He said Dresdner might need a rights issue to pay for some thing the size of Kleinwort.

Mr Robert Law at Shearson Lehman Hutton echoed this line. "The combination would make some sense, but I would be surprised if it happened so quickly. He added that it was believed that a Japanese institution holds just under 5 per cent in Kleinwort and that this holder would almost certainly have to agree to any bid move.

Rank hit

Rank Organisation fell sharply in the last hour of trade as Schroders, the merchant bank, cut profits and earnings forecasts in the wake of a meeting with the company. Schroders lowered its prediction of share earnings for the current year by 7.5 per cent to 85p per share. It cited a lower than expected contribution from 49 per cent owned associate Rank Xerox, higher than anticipated capital expenditure, leading to a higher depreciation charge, and a greater tax charge.

The bank is recommended selling the stock. It said that the trading range should be between 800p and 825p. The shares fell 33, largely in the last hour of trade, to 856p. Turnover was high for the stock at 889,000. Dealers at other securities houses said that Schroders had a good record of accuracy on Rank Organisation.

Investors in banks turned their attention to special situations, such as Hambros and Kleinwort Benson. Among clearing banks, Midland climbed 12 to 365p as the market re-assessed the presence of a 15 per cent stakeholder in the shape of Hongkong and Shanghai Bank. Dealers said a Continental buyer of Midland was active on Thursday night and continued paying up to 365p yesterday. The remaining big three clearers were left on the sidelines. Barclays and Nat West eased 4 to 542p and 337p respectively, while Lloyds edged a penny lower to 431p.

End-of-account profit takers were active in the insurance sector. Refuge, strong in recent days on speculation that Athena of France was building a stake, slipped 10 to 685p. Other lifes shed a penny or two. Composites were quiet with the exception of General Accident down 13 at 1173p on account profit taking and Royal Insurance, where the passage of a block of 500,000 across the Seaq ticker in early trading convinced strategists in the stockmarket and the insurance industry that this was the last of the stake, once 4.7 per cent, held by Adelaide Steamship.

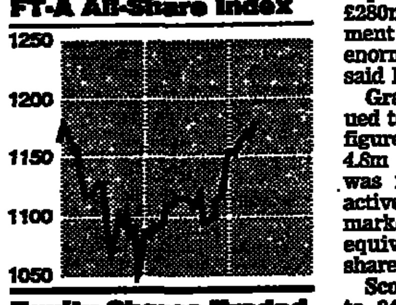
Firm metal prices helped Lonrho add 3 at 294p and RTZ jump 16 to 571p. Smith & Nephew suffered a delayed reaction to Thursday's figures, which found a somewhat cool reception from the sector analysts, the shares falling 5¼ to 129¼p.

Oil shares had another active session but with attention focusing on secondary stocks as the firmness in oil prices encouraged speculative interest. The prospect of a recovery in oil prices as the industry moves into the next decade has revived expectations that the big names will choose to buy up reserves through acquisitions rather than concentrate on extending their own exploration and drilling programmes.

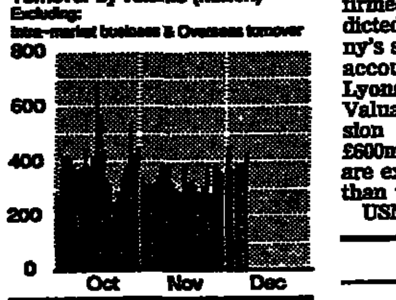
The presence of a large single buyer for Clyde Petroleum spurred the shares ahead by 11 to 180p. Traders were adamant that the buyer was not an investment institution and, therefore, believed that a stakebuilder was in the area. The favoured name was DSM, the Dutch chemicals group, which took a 9 per cent stake last summer. The Dutch group is known to have wanted a stake of 12pc-15pc, so the market sensed that this might be the source of yesterday's buying.

Enterprise Oil, which has an active exploration programme in hand, jumped 18 to 674p in brisk if somewhat speculative trading. Goal Petroleum (100p) was another to find buyers. Premier, at 118½p, continued to edge ahead, although some sector analysts remained unconvinced of the case for bullishness. Hoare Govett, the UK-based securities house, described this week's interim statement as "of little import to Premier's rating"; it believed the share price has capitalised on the prospects for a large oil discovery in the Far East which it regards as "far too optimistic".

FT-A All-Share Index



Equity Shares Traded
Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Hardy Oil, the recent newcomer, continued to move forward, adding 8 to 185p. LASMO at 581p responded afresh to hints that its 20 per cent owned Wesray exploration prospect is promising for sector values.

Among the leaders, the logic behind this week's switching out of BP and into Shell was questioned, and both shares advanced – BP to 339p and Shell to 475p. The oil team at Kitcat & Aitken, while accepting that the yield comparison is currently favourable to BP shares, argues that Shell's financial strength and dividend cover sustain this situation which, it believes, "is likely to continue".

Trade was busier in the building sector. "There are still buyers out there," said one marketmaker. "The sector is being dragged up with the rest of the market."

Higgs & Hill climbed 3 to 432p as interested remained strong ahead of the first closing date for the £187m bid for the group by Y J Lovell.

Among the issues which benefited most from the better tone in the sector were George Wimpey which gained 4½ to 247p and Blue Circle which rose 5 to 242p.

One stock which stood out in an otherwise gently rising market was RMC which fell 10 to 689p after BZW revised its profits forecasts for the group following a visit on Thursday.

"We have trimmed our forecasts to allow for a weaker end to the final quarter in the UK," said Mr Mark Gibbon, a building sector analyst at BZW. Mr Gibbon said that BZW had adjusted its forecast for this year down to £245m from £255m and for 1990 it was now expecting £265m, down from £280m. "Despite the adjustment to the forecast we remain enormously positive on RMC," said Mr Gibbon.

Grand Metropolitan continued to benefit from Thursday's figures, climbing 17 to 597p as 4.8m shares changed hands. It was runner-up on the list of actives in the traded options market where contracts for the equivalent of more than 2m shares were traded.

Scottish & Newcastle eased 3 to 349p ahead of figures on Monday, while Whitbread "A" firmed 7 to 405p as dealers predicted the sale of the company's spirits division in the new account, possibly to Allied Lyons, a penny better at 492p. Valuations for the spirits division have ranged as high as £600m, although cooler heads are expecting significantly less than this.

USM-quoted Crown Communications sold its 12.2 per cent holding in 62,950 Chiltern Radio to Capital Radio for about £1.89m in cash. Capital slipped to 900p before recovering late to close 12 better on the day at 928p. Crown closed unchanged at 232p.

Press comment on Thursday's CBI/Financial Times distributive trades survey, which one dealer said was the most negative he had seen, gave an added impetus to profit taking in the stores sector. GUS "A" which had a good run ahead of figures on Thursday, slipped 15 at one point before closing just 5 off at 1103p. Other stores leaders slipped a few pence, Burton shed 4 at 198p, Kingfisher eased a penny to 286p and Sears closed 1½ off at 105½p. Only Marks and Spencer, regularly sought in troubled times, rose. The shares finished a penny up at 204p.

Tate & Lyle, up 5 at 278p and Kwik Save, 6 better at 580p, attracted buyers ahead of Monday's xd date.

Rolls-Royce were wanted in sympathy with British Aerospace and the shares added 6 to close at 174p. Hawker Siddeley also benefited from the positive sentiment around British Aerospace, and from the expectation of new orders in the power generation and transport equipment sector. An analyst said another reason for the rise in Hawker Siddeley was the fact that "only 35 per cent of the company's business is done in the UK." The shares hardened 13 to 665p.

Continued talk of East European growth prospects, where Davy Corporation is already involved in engineering projects, helped the shares rise 11 to 255p.

Croda International recovered some recent losses, firming 9 to 192p. Mr Guy Phillips at Flemings Research said: "With a 26 per cent discount to the market and with an 8 per cent prospective yield, Croda shares look reasonable value in the context of the smaller UK chemical companies."

The senior management changes at Johnson Matthey, in the wake of the resignation of the chairman and chief executive, continued to worry the market. The shares lost 23 to 346p. Poor sentiment surrounding Johnson Matthey sent Cookson lower. The company has a stake of around 8 per cent in Johnson Matthey. The shares came off 9 to 270p.

BICC were weaker as the company announced it had acquired Sterling Greengate, a cable maker, from Raytheon of the US, for 38.2m. Mr Nizam Hamid at UBS Phillips & Drew said the move "consolidates the company's market leadership in the UK and will strengthen its position as the number three cable company in Europe." The shares gave up 5 to close at 468p.

■ Other market statistics, including the FT-Actuaries Share Index Page 11.

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS [illegible] BRITISH FUNDS (1) CANADIANS (3) BANKS [illegible] BUILDINGS [illegible] ELECTRICALS [illegible] FOODS [illegible] INDUSTRIALS [illegible] INSURANCE [illegible] OVERSEAS TRADERS [illegible]
NEW LOWS [illegible] CORPORATION LOANS (2) AMERICANS [illegible]

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	98	0	6	270	165	75
Corps. Dom. & Foreign Bonds	10	4	27	41	25	139
Industrials	318	378	900	1,812	1,818	4,362
Financial and Props	155	162	368	956	638	1,803
Oils	39	16	39	159	110	197
Plantations	1	1	8	4	4	38
Mines	46	28	86	195	227	388
Others	47	79	112	337	377	509
Totals	714	668	1,546	3,774	3,364	7,511

FINANCIAL TIMES STOCK INDICES

	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	83.14	83.02	82.98	83.02	82.93	86.77	89.29 (8/2)	82.93 (4/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.02	92.27	92.17	92.43	92.43	96.67	99.59 (15/3)	92.02 (8/12)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1862.0	1850.9	1859.9	1836.8	1823.0	1429.4	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	300.5	297.3	286.7	288.7	294.3	178.8	300.5 (8/12)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2363.5	2346.7	2353.7	2327.5	2303.4	1750.3	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.56	4.61	4.58	4.63	4.66	5.12				
Earning Yld %(full)	11.18	11.23	11.12	11.24	11.38	12.83				
P/E Ratio(Net)(☆)	10.85	10.78	10.89	10.77	10.71	9.33				
SEAQ Bargains(5pm)	30,413	28,622	27,694	27,026	29,386	27,648				
Equity Turnover(£m)†	-	937.31	947.22	894.35	739.74	1108.75				
Equity Bargains†	-	30 974	27,824	28,019	29,630	28,295				
Shares Traded (ml)†	-	419.1	395.7	390.0	363.2	556.9				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.75

Ordinary Share index, Hourly changes — Day's High 1863.0 — Day's Low 1842.5

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1847.4	1842.8	1845.1	1853.3	1856.7	1855.4	1854.8	1861.0

FT-SE, Hourly changes — Day's High 2364.1 — Day's Low 2337.6

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2342.7	2337.6	2341.7	2352.4	2355.1	2353.3	2352.9	2359.8

GILT EDGED ACTIVITY

Indices*	Dec 7	Dec 6
Gilt Edged Bargains	74.2	90.6
5-Day average	81.0	86.2

*SE Activity 1974 †Excluding intra-market business & Overseas turnover. Calculation of the FT indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index. Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	457	284	-2
ASDA Group	5,757	112	-1
Abbey National	4,800	181	-2
Allied-Lyons	1,200	492	+1
Amstrad	3,100	38	-2
Argyll Group	1,700	227	+3
Ass. Brit. Foods	82	430	+2
BAA	866	381	
BAT Inds.	1,339	829	-3
BET	1,300	277	-1
BICC	952	468	-5
BOC	232	539	+1
BPB Inds.	1,800	234	+5
BTR	1,700	460	
Barclays	1,800	542	-4
Bass	749	1049	
Beazer	367	186	+1
Beresford Int.	176	149	
Blue Arrow	805	84½	-½
Blue Circle	825	242	+5
Boots	2,300	275	-2
Brit. & Comm.	8,300	86	+1½
Brit. Aerospace	4,100	557	+31
British Airways	1,300	210	+2
British Gas	6,100	225½	+2½
British Land	1,300	402	+1
BP	12,884	339½	+9½
British Steel	5,700	130	+2
British Telecom	14,000	294	+11½
Bunzl	6,100	108	+1
Burmah Oil	857	675	-8
Burton	1,800	198	-4
Cable & Wire.	7,300	515	+3
Cadbury	1,800	349	
Calor Group	43	429	-4
Carlton Comms.	306	880	-7
Coats Viyella	714	144	+2

	Volume 000's	Closing Price	Day's change
Coml. Union	370	481	+2
Cookson	677	272	-7
Courtaulds	1,800	387	+2
Dalgety	2,200	380	
Dixons	1,410	139	
Eng China Clays	378	472	
Enterprise Oil	942	678	+22
FKI	1,575	85	+1
Ferranti	8,100	41	-½
Fisons	1,300	384	+5
Gen. Accident	435	1173	-13
General Elect	7,800	221	+2½
Glaxo	1,300	787	+7
Globe Inv.	138	151	+1
Glynwed Int.	248	246	+5
Granada	148	314	-1
Grand Met.	4,800	597	+17
GUS A	189	1103	-5
GRE	678	248	+1
GKN	575	415	
Guinness	804	930	+4
Hammerson 'A'	48	834	-3
Hanson	8,400	229½	-1
Do. Warrants	861	54	-1
Harrisons Cros.	1,300	752	+1
Hawker Sidd.	444	665	+13
Hillsdown	519	273	+1
IMI	457	235	+5
ICI	2,200	1173	+2
Inchcape	2,800	287	+5
Jaguar	56	840	+1
Kingfisher	215	286	-1
Ladbroke	637	373	
Land Securities	722	557	-8
Laporte	236	474	+1
Legal & General	785	409	-2
Lloyds Abbey	293	286	+1

	Volume 000's	Closing Price	Day's change
Lloyds Bank	2,400	431	-1
LASMO	784	584	+10
Lonrho	2,700	294	+3
Lucas	370	632	+4
MB Group	779	196	+1
MEPC	307	541	+3
Marks & Spencer	3,470	204	+1
Maxwell Comm.	482	234	+1
Mecca Leisure	1,500	184	+2
Midland Bank	3,309	365	+12
NatWest Bank	1,800	337	-4
Next	2,000	81	-1
Northern Foods	151	313	+1
Pearl	16	687	
Pearson	633	788	-4
P & O	811	687	-5
Pilkington	4,000	240	+4
Polly Peck Intl.	1,300	415	+7
Prudential	1,000	220	+1
RHM	856	418	
RMC	719	689	-10
RTZ	1,400	571	+16
Racal	2,800	239	-1
Racal Telecom	189	380	+6
Rank Org.	889	856	-33
Reckitt & Colman	157	1,350	+1
Redland	563	548	
Reed Intl	867	428	-1
Reuters	899	1036	+1
Rolls Royce	2,075	174	+6
Rothmans	230	884	-1
Ryl Bk Scotland	3,700	296	
Royal Insurance	2,250	402	+2
STC	880	282	+1
Saatchi	1,200	264	-1
Sainsbury	638	274	+2
Scottish & New	589	349	-3

	Volume 000's	Closing Price	Day's change
Sears	3,100	105½	-1½
Sedgwick	218	300	
Shell Transport	6,000	475	+8
Siebe	148	480	
Slough Ests	184	336	-1
Smith (W.H.) A	680	330	+2
Smith & Nephew	3,100	129¼	-5¼
SmKl Beecham	624	664	+3
Do. Equity Units	24	2880	+16
Smiths Inds	113	244	+7
Standard Chartd.	915	630	-7
Storehouse	2,100	115	+1
Sun Alliance	698	321	-1
Sun Life	13	1235	
T&N	140	166	
TI Group	623	428	+5
TSB	2,900	129½	½
Tarmac	1,600	278	+4
Tate & Lyle	2,400	278	+4
Taylor Woodrow	328	287	1
Tesco	1,500	198	+1
THORN EMI	718	781	+8
Trafalgar House	1,100	371	+3
Trusthouse Forte	1,800	288	-1
Ultramar	2,518	388	+7
Unigate	338	335	+1
Unilever	568	722	+4
United Biscuits	708	364	+2
Utd Newspapers	230	475	+1
Wellcome	1,300	745	-6
Whitbread A	1,880	405	+7
Williams Hldgs.	2,800	247	+9
Willis Faber	153	270	-1
Wimpey	274	247	+4½

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday December 7 1989

Gold Mines Index	+ 83.83	Insurance(Brokers)	+ 24.12
Agencies	+ 53.02	Food Manufacturing	+ 22.88
Health & Household Products	+ 50.32	Financial Group	+ 22.62
Insurance(Life)	+ 47.57	Leisure	+ 20.73
Merchant Banks	+ 45.15	Overseas Traders	+ 18.80
Motors	+ 42.03	Chemicals	+ 18.02
Investment Trusts	+ 38.49	Publishing & Printing	+ 16.50
Oil & Gas	+ 36.49	Stores	+ 15.53
Brewers and Distillers	+ 34.84	Telephone Networks	+ 15.17
Conglomerates	+ 33.35	Capital Goods	+ 14.54
Insurance(Composite)	+ 32.98	Building Materials	+ 13.69
Other Industrial Materials	+ 31.02	Textiles	+ 13.55
Other Groups	+ 30.11	Mechanical Engineering	+ 12.41
Food Retailing	+ 29.94	Electricals	+ 11.39
Consumer Group	+ 28.20	Electronics	+ 8.16
Banks	+ 28.13	Packaging & Paper	+ 3.10
500 Share Index	+ 26.54	Property	+ 1.78
All Share Index	+ 26.25	Metals & Metal Forming	+ 1.51
Mining Finance	+ 25.97	Contracting,Construction	- 1.72
Industrial Group	+ 25.04		

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	9/92	103-15	+4/32	11.97	12.02	11.53
	9.750	1/98	93-30	+8/32	10.89	10.93	10.62
	9.000	10/08	92-24	+24/32	9.85	9.98	9.71
US TREASURY *	8.000	08/99	100-11	+13/32	7.87	7.87	7.89
	8.125	8/19	102-26	+16/32	7.88	7.89	7.89
JAPAN No 119	4.800	6/99	96.3457	+0.032	5.38	5.38	5.42
No 2	5.700	3/07	102.3160	+0.091	5.44	5.51	5.47
GERMANY	7.000	9/99	98.2900	+0.000	7.25	7.24	7.21
FRANCE BTAN	8.000	10/94	94.2119	+0.080	9.53	9.58	9.49
OAT	8.125	5/99	94.3500	+0.170	9.02	9.07	8.95
CANADA *	9.250	12/99	97.5875	+0.257	9.63	9.67	9.40
NETHERLANDS	7.250	7/99	98.6600	+0.030	7.75	7.76	7.76
AUSTRALIA	12.000	7/99	93.8583	+0.214	13.15	13.05	13.43

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Cold weather lifts gas oil and lead

THE WEATHER, often a factor affecting agricultural futures markets, this week made a guest appearance in both the oil and metals markets. The winter cold has sharply lifted both gas oil on the International Petroleum Exchange and lead on the London Metal Exchange.

Yesterday the December gas oil contract on the IPE went off the board at $216.50 a tonne, expiring quietly in spite of Thursday's fears that supplies could be tight. Thursday saw the January position breach $209 a tonne – the highest price for the second position futures contract for four years. Turnover hit a new record of 21,941 lots.

The January contract closed yesterday at $203.75 a tonne, $16 ahead on the week. Oil prices were pulled up in gas oil's wake.

The unexpectedly cold weather which touched off the rally is expected to persist in both northern Europe and the US next week, boosting the demand for heating oil. In addition, low water levels on the Rhine have impeded barge traffic, contributing to the market's tightness.

The steep rise on Thursday created a sense of disbelief among some traders, who were expecting prices to go in the other direction. Since 1985 gas oil prices have been kept down by low underlying crude prices and excess refining capacity. Two exceptionally warm European winters have not helped.

As well as boosting heating requirements, cold weather also lifts the demand for car batteries, which raises prospects of an increased demand for lead. Cash lead on the LME advanced strongly throughout the week and appeared to be heading back towards the eight-year peak reached a couple of months ago.

Mr Neil Buxton, metals analyst with Shearson Lehman Hutton, said that the change in the market this week was more *one of sentiment than of fundamentals*, which he said had not altered in spite of the recent fall in prices. He did not expect any additional offtake by battery manufacturers to emerge until later next month.

By Thursday cash metal was *at £455.50* a tonne, and at a premium of £21 to three-month metal. But yesterday profit-taking emerged, and cash metal closed at £463.50 a tonne, a rise of £40 on the week.

Elsewhere on the LME, the zinc market was providing *plenty of excitement* as dealers sought to cover themselves against the possibility of being called to deliver against positions taken in the options market. Cash prices for both high grade and special high grade zinc rose sharply – on Tuesday the premium for cash special high grade metal over the three-month price was $175 a tonne at the close.

Yesterday the LME took action "in anticipation of the development of an undesirable situation" in the market – it imposed a daily limit of $20 a tonne on the *backwardations*, or premiums paid for cash metal. Special high grade zinc closed yesterday at $1,512 a tonne, a rise of $95 this week.

Mr Buxton said there was no genuine tightness in zinc at present, and described this *week's price movement as artificial*. The situation had been exacerbated by the sharp fall over the past couple of weeks following market talk that a Spanish producer was going to deliver 30,000 tonnes of zinc onto the LME.

Meanwhile gold prices ended the week on the London bullion market at $410.25 an ounce, a fall of $3.50 on the week. Twice during the week the price in Hong Kong edged below the all-important $400 an ounce level – but not for long.

"Each time the support has been solid," said Ms Rhona O'Connell, precious metals analyst at Shearson Lehman Hutton, yesterday. The market was forming a solid base above $400, she said, pointing out that the $22 an ounce retracement following the $65 an ounce rally was "not out of proportion historically."

Among the soft commodities, March cocoa on the London Futures and Options Exchange (Fox) ended the week £1 ahead, although December added £21 a tonne to £664. So far 120,000 tonnes have been delivered against the contract, which expires at the end of the month.

This is the biggest amount in the exchange's history, and the open position is down to 4,200 lots (10 tonnes each). The exchange is pleased with the smoothness of the liquidation so far; traders say it remains to be seen whether the remaining amount can be found, graded and delivered in time.

Both cocoa and coffee prices are hovering near 14-year lows and there appears to be no recovery in sight. The Economist Intelligence Unit this week predicted average cocoa prices of 52.5 cents a lb in 1990, against 58.5 cents a lb this year. It forecast an average 85.8 cents a lb for coffee next year, against 96.6 cents a lb this year.

David Blackwell

APPOINTMENTS

Birkin joins Barclays

■ **Mr Derek Birkin**, chief executive and deputy chairman of The RTZ Corporation, has been appointed a non-executive director of Barclays Bank, and Barclays PLC, from January 1.

■ CRT GROUP, recently formed by a reverse takeover of R. Smallshaw (Knitwear), has appointed **Mr Mike Griffiths** as non-executive chairman. He is chairman and chief executive of Excalibur Group. **Mr Greg Rigby** becomes group managing director of CRT. He is chairman and managing director of Bowerley. **Mr Karl Chapman** is made an executive *director*. He was with Guinness Mahon Unit Trust Managers. **Mr Brian Dingley** remains as director responsible for the Smallshaw businesses. He was deputy chairman of Smallshaw.

■ **Mr Antony Hichens** has joined the board of CANDOVER INVESTMENTS as a non-executive director. He was chairman of Caradon, and has joined the board of MB Group following its purchase of Caradon. Until recently, he was a managing director and chief financial officer of Consolidated Gold Fields. Among other appointments he is chairman designate of Y.J. Lovell (Holdings).

■ **Dr Peter Jackson**, group personnel director, has been appointed to the board of SMITHKLINE BEECHAM.

■ **Mr Keith Fox** has been appointed managing director, cashmere, knitwear and fine yarns division, DAWSON INTERNATIONAL, of which he is a director. He remains managing director, spinning and weaving division.

■ **Mr Colwyn Philipps** has joined the board of stockbrokers GREIG MIDDLETON & CO, and will be based in the institutional department. He was a partner in Scrimgeour Vickers.

■ Joining the board of GARTMORE PENSION FUND MANAGERS are **Ms Helen Marsden** and **Mr Alex Weiland**, managing director of Gartmore Pooled Pensions, where **Mr Mark Crutchley** becomes a director.

Mr Peter Edwards *(above)* has been appointed assistant general manager, UK sales and branch operations, GUARDIAN ROYAL EXCHANGE, from April next year. He was UK commercial insurances manager, and succeeds **Mr John Sinclair** who is to become GRE's UK managing director.

■ **Mr Peter Dean**, a part-time member of the MONOPOLIES AND MERGERS COMMISSION since 1982, is to succeed **Mr David Richards** as a deputy chairman on the latter's retirement at the end of February next year. Mr Dean is a business consultant and was formerly an executive director of the Rio Tinto-Zinc Corporation.

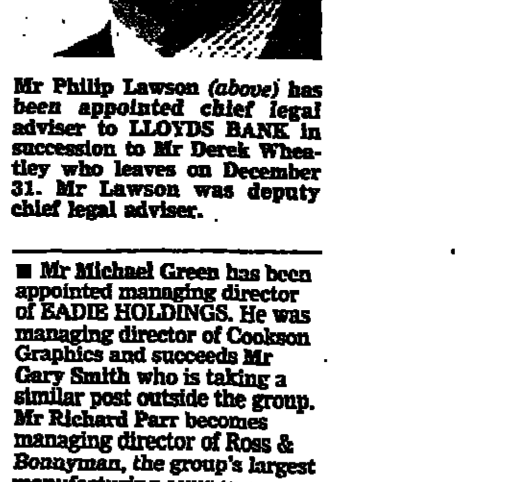
■ J.B. BUTCHART GROUP has appointed **Mr Bill Marnoch** as chairman. **Mr D. Butchart** becomes sales and marketing director, and **Mr A. Butchart** is made manufacturing director. Mr Marnoch is non-executive chairman of Duncan's of Edinburgh, and Forth Valley Foods, and a director of Castle.

■ **Mr Alistair Dixon** has been appointed a vice president of BANKERS TRUST. He was a director of Hill Samuel Property Services before joining the bank last March, and becoming a member of the bank's UK real estate group.

■ J. Lyons & Co, food division of ALLIED-LYONS, has appointed **Mr David Lipka** and *Mr William Savel to the board* - both are based in the US. **Mr Derrick Brown** becomes assistant managing director of the division.

■ **Mr R.J. Wetherall** has been appointed commercial director, and **Mr John Allen**, company secretary, of BABCOCK INTERNATIONAL GROUP.

■ **Mr John Newsham** has been appointed company secretary of GENERAL SURETY AND GUARANTEE CO, a subsidiary of Swiss Re, Zurich, in addition to his present post of finance executive. He succeeds **Mr Ken Bothamley** who has retired.



Mr Philip Lawson *(above)* has been appointed chief legal adviser to LLOYDS BANK in succession to **Mr Derek Wheatley** who leaves on December 31. Mr Lawson was deputy chief legal adviser.

■ **Mr Michael Green** has been appointed managing director of EADIE HOLDINGS. He was managing director of Cookson Graphics and succeeds **Mr Gary Smith** who is taking a similar post outside the group. **Mr Richard Parr** becomes managing director of Ross & *Bonnyman*, the group's largest manufacturing company, on January 8. He is technical director of Schmidt UK, and succeeds **Mr Brian Bonnyman**.

■ JONATHAN WREN & CO, part of the Swiss-based ADIA *Group*, has appointed as directors **Ms Jill Backhouse**, **Mr Roger Steare**, and **Mr Neil Tullis** who becomes finance director.

■ **Mr J. Garnett** has been appointed to the board of GASKELL *from January 1*. He continues as managing director of subsidiary Bamber Carpets.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♈ - 0001 to 1100 hours; ♉ - 1101 to 1400 hours; ♊ - 1401 to 1700 hours; ♋ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init. Chrge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Wardley Unit Tst Mngrs Ltd (0900)H						
3 Harbour Exchange, London, E14 9GJ 01-[illegible]						
American ♦	5¼	74.54	74.34	79.50	-4.30	1.4
Intl Growth ♦	5¼	86.64	86.64	92.66	-0.66	3.0
Income ♦	5¼	129.0	129.0	137.9	-0.40	4.7
Japan Growth ♦	5¼	256.8	256.8	274.6	-1.60	0.1
Pacific Perf ♦	5¼	170.3	170.3	182.1	-1.00	0.1
Small Co's ♦	5¼	128.2	128.2	137.1		1.4
Technology	5¼	35.60	35.60xd	38.07	-0.11	0.1
Australia	5¼	65.74	65.74	70.31	-0.74	3.3
UK Trust ♦	5¼	174.8	174.8xd	186.9	-1.50	2.6
European Growth ♦	5¼	76.90	76.90	82.24	-0.41	0.1
Hong Kong ♦	5¼	34.45	34.45	36.84	-0.09	1.8
Intl Income	5¼	22.42	22.42	23.97	[illegible]	7.5
[illegible]	5¼	[illegible]	[illegible]	41.24	[illegible]	0.1
[illegible] ♦	5¼	26.35	26.35	28.18	+0.10	1.8
Japan Smllr Cos ♦	5¼	31.26	31.26	33.43	-0.57	0.1
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh 031-225 1551						
Australasian Gold	6	16.54	16.54	17.59	+0.27	0.00
Pacific Basin	6	30.99	30.99	32.96	+0.04	0.46
Can Balncd Gwth ♦	6	49.11	49.11	[illegible]	[illegible]	0.64
Global Mkts $	4	0.9751	0.9751	1.0157	+0.31	7.61
Penny Share	6	28.52	28.52	30.32	-0.05	0.50
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 01-407 4404						
Wellington Income	5¼	139.1	140.6	149.6		4.84
Wellington Growth	5¼	229.5	231.8	246.6	+0.80	1.39
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW 0202 299452						
Wessex UK Gwth	4½	110.5	114.0	118.8	+0.4	4.12
Whittingdale Unit Tst Mgrs Ltd						
2 Honey Lane, London EC2V 8BT 01-606 9132						
Challenger ♦ F	2¼	62.41	62.41xd	63.96	-0.04	0.00
Short Dtd Gilt y F	1¼	82.26	82.26	83.37	-0.06	6.44
US Govmt Bond ♦ F	1¼	0.5788	.5788xd	.5864	+0.3	0.00
Withers Financial Services Ltd (0900)F						
PO Box 515, 6 Broadgate, London EC2 01-588 7511						
Aust Prices W'wide	5	202.7	206.2	219.3		0.41
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Capital & Equity	5	36.31	39.45	42.24	-0.12	7.45
European	5	80.29	80.59	85.73	-0.26	0.10

	Bid Price	Offer Price	+ or −	Yield Gr's
AEtna Life Insurance Co Ltd—Contd.				
Pension Funds (Accumulation Units)				
Spread	15.75	16.58		–
Bear	17.09	17.99	-0.05	–
Bull	22.79	23.99	-0.12	–
Bull	20.74	21.84	-0.05	–
Stag	20.18	21.25	-0.03	–
Gilt Edged	13.26		+0.05	–
Deposit	13.56		+0.01	–
North American	11.20	11.74	+0.05	–
European	11.74	12.36	+0.02	–
Property	11.86	12.49	-0.06	–
Index Linked	11.74	12.36	+0.05	–
Far Eastern	15.19	15.99	-0.03	–
UK Equity	15.75	16.59	-0.06	–
Fixed Interest	12.00	12.64	+0.05	–
Gilt Edged 1992	9.93	10.46	+0.03	–
1982 Series				
Managed	296.71	312.33	+0.20	–
Pre 1982 Series				
Aetna Life				
3 Way	467.66	497.66	-0.03	–
Equity Pensions	1220.4	1220.4	-0.57	–
Aetna Pensions Ltd				
3-Way Managed	1641.69	641.69	-7.62	–
Exempt Approved				
Mixed Managed	220.36	224.06	-0.74	–
Gilt Edged	19.74		+0.05	–
Albany Life Assurance Co Ltd				
3 Darkes Lane, Potters Bar EN6 1AJ 0707 42311				
Life Funds				
Brit Blue Chip Fd Acc	145.4	153.0	-2.2	–
Equity Fd Acc	1065.5	1121.5	-7.0	–
European Fd Acc	281.2	295.9	-1.7	–
Intl Fxd Int Fd Acc	214.1	225.3	-0.1	–
Fixed Int Acc	345.7	363.8	+0.8	–
Gtd Money Fd Acc	244.1	256.9		–
High Income Fd Acc	120.6	126.9	-0.7	–
Intl Man Fd Acc	441.0	464.2	-0.8	–
Japan Fd Acc	324.0	341.0	-0.3	–
UK Smllr Co's Fd Acc	111.5	117.4		–
European Mixed	124.7	131.2	-0.8	–
Global Mixed	110.3	116.1	-0.7	–
Sector Mixed	127.9	134.6	-0.3	–
UK Mixed	110.3	116.1	-0.5	–

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OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or −	Yield Gross
American	122.0	129.0		–
Building Soc. Fd	178.0	188.0	+1.0	–
Balanced	285.0	300.0		–
European	201.0	212.0	−1.0	–
GT Managed	189.0	199.0		–
Gartmore Mngd	129.0	136.0		–
German	164.0	173.0	−1.0	–
Gilt	172.0	182.0	+1.0	–
Global	49.0	52.0	+1.0	–
High Inc.	106.0	112.0		–
International Equity	202.0	213.0	−1.0	–
Japan	293.0	309.0	−1.0	–
Managed	58.0	62.0		–
Property	309.0	326.0		–
R. W. Imperial Gold	147.0	155.0	−1.0	–
UK Equity	316.0	333.0		–
Pension Funds				
American	151.0	159.0	−3.0	–
Building Soc. Fd	182.0	192.0	+1.0	–
Balanced	224.0	236.0	+2.0	–
European	202.0	213.0	+4.0	–
German	145.0	153.0	+6.0	–
Gilt	153.0	162.0		–
International Equity	144.0	152.0		–
Japan	148.0	156.0	+1.0	–
Managed	64.0	68.0		–
Property	238.0	251.0		–
UK Equity	305.0	322.0	+2.0	–

Professional Life Assurance Co Ltd
Frobisher Hse, Nelson Gate, Southampton 0703 232323

	Bid Price	Offer Price	+ or −	Yield Gross
Pension Managed Fund	95.50	100.93		–
Pensions Cash Fund	82.42	86.75		–

Prolific Life & Pensions Ltd
Strasmongate, Kendall, Cumbria LA9 4BE 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Balanced Gwth Mngd	614.8	647.9	−0.7	–

Prudential Holborn Pensions Ltd—Contd.

	Bid Price	Offer Price	+ or −	Yield Gross
Index Linked Gilt	203.6	214.4	+0.1	–
Guaranteed	14.00		+0.07	–
International Money	213.6	224.9		–
North American	82.5	86.9	−0.1	–
Japanese	169.6	178.6	−0.9	–
European	114.6	120.7	−0.8	–
Special Situations	112.1	118.0	−0.5	–
Communications	102.7	108.2	−0.2	–
Smaller Companies	105.5	111.1	+0.3	–
International Small Cos	144.8	152.5	−0.3	–

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-548 3281

	Bid Price	Offer Price	+ or −	Yield Gross
Discretionary Nov 29	£165.82	171.00		–
Equity Nov 29	£174.92	181.72		–
International Nov 29	£30.54	31.22		–
Intl Bond Nov 29	£13.10	13.27		–
Fixed Int Nov 29	£74.03	74.86		–
Index Linked Nov 29	£63.58	64.38		–
Property Nov 29	£116.69	123.52		–
Cash Nov 29	£22.2905	22.2905		–
Pru-Linked Retirement Plan				
Managed Dec 5	398.0	414.6		–
Cash Dec 5	208.9	217.6		–
Prudential Pensions Investment Account				
Pens Mngd Dec 8	160.8	173.1	+0.9	–
Pens UK Eq Dec 8	298.6	317.5	+2.7	–
Pens Intl Dec 8	210.0	226.1	−0.1	–
Pens Fixed Dec 8	169.1	178.5	−0.9	–
Pens Index Li Dec 8	163.5	172.8	−1.0	–
Pens Cash Dec 8	136.3	143.6		–

Regency Life Assurance Co Ltd
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800

	Bid Price	Offer Price	+ or −	Yield Gross
Aggressive Ptflio Fd	121.7	128.1		–
Balanced Ptflio Fd	318.1	334.87		–
Cautious Ptflio Fd	124.3	130.8		–
Elite Fund	110.1	115.8		–

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	1989 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
134	124	Treas 2pc IL '90(84.6)	134	[illegible]	2.09	9.98
99	96	Exch 11pc 1990	99	[illegible]	11.07	14.12
101	99	Exch. 12½pc 1990	99	[illegible]	12.57	14.52
96	91	Treas. 3pc 1990	96	.....	3.11	11.97
97	95	Treas 8¼pc 1987-90	97	[illegible]	8.47	13.80
99	95	Treas. 8pc Cv 1990	96	[illegible]	8.27	13.90
98	96	Treas. 10pcCv 1990	96	[illegible]	10.33	13.95
93	87	Exch 2½pc 1990	92	[illegible]	2.70	10.97
101	98	Treas 11¾pc 1991	98	[illegible]	11.96	13.58
93	89	Funding 5¾pc '87-91	92	.....	6.22	12.08
90	86	Treas. 3pc 1991	90	.....	3.33	10.64
100	95	Treas 10pc Cv '91	95	[illegible]	10.44	13.06
101	96	Exch. 11pc 1991	97	[illegible]	11.32	12.74
94	91	Treas. 8pc 1991	92	[illegible]	8.70	12.68
106	100	Treas 12¾pc 1992	100	[illegible]	12.68	12.38
99	95	Treas 10pc 1992	95	[illegible]	10.47	12.35
94	90	Treas. 8pc 1992	91	[illegible]	8.75	12.32
100	96	Treas 10½pc Cv 1992	96	[illegible]	10.87	12.16
85	82	Treas. 3pc 1992	84	.....	3.56	10.39
105	99	Exch. 12¼pc '92	100	[illegible]	12.23	12.13
109	103	Exch 13½pc 1992	103	[illegible]	13.05	11.97
94	90	Treas 8¼pc 1993	90	[illegible]	9.10	11.82
100	95	Treas 10pc 1993	95	[illegible]	10.47	11.64
108	101	Treas 12½pc 1993	102	[illegible]	12.21	11.69
88	84	Funding 6pc 1993	85	.....	7.01	10.73
113	106	Treas 13¾pc 1993	106	[illegible]	12.87	11.53
94	89	Treas. 8½pc 1994	90	[illegible]	9.44	11.55
117	109	Treas 14½pc 1994	110	[illegible]	13.15	11.36
113	106	Exch 13½pc 1994	106	[illegible]	12.66	11.51
100	94	Treas. 10pc Ln 1994	95	[illegible]	10.49	11.34
110	102	Exch. 12½pc 1994	103	[illegible]	12.08	11.50
96	91	Treas 9pc 1994	91	[illegible]	9.84	11.28

Five to Fifteen Years

BRITISH FUNDS—Contd

Over Fifteen Years

Undated

Index-Linked

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

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AMERICANS—Contd

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd

INSURANCES

هكذا من الأصل

LONDON SHARE SERVICE

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LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND — Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES — Contd

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ǁ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ... γ	88	......
Craig & Rose £1 .. γ	830	......
Finlay Pkg 5p ... γ	65	-1
Holt (Jos) 25p ..... γ	1343	......

IRISH

Cap. 8½% Ln 1991 ...	£96⅞	......
9pc Cap Ln. 1996 ...	£96½	......
Fin. 13% 97/02 ...	£115	......
Arnotts	400	......
Carrol (P.J.) ...... γ	145	-4
Hall (R. & H.)	195	......
Helton Hldgs. ...... γ	93	-½
IRG	225	-3
United Drug	140	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5½
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons.	42
Comm Union	48
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	60
Grand Met	44
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	98
Jaguar	85
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	31
Lucas Inds	54
Marks & Spencer	16
Midland Bk	26
Morgan Grenfell	38
Nat West Bk	23
P & O Dfd	51
Polly Peck	38
Racal Elect	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
SmKl. Beecham A	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	56

Property

Brit Land	27
Control Secs.	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	18½
Shell	37
Tuskar Res.	12
Ultramar	28½

Mines

Lonrho	23
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

FINANCIAL TIMES
Weekend December 9/December 10 1989

Party shaken by order to arrest Honecker

By Leslie Colitt in East Berlin

EAST GERMANY'S virtually shattered Communist Party made a desperate attempt last night to maintain its unity at a turbulent emergency congress.

Nearly 2,700 delegates gathered amid an unprecedented leadership vacuum caused by the recent resignation of Mr Egon Krenz and his reform-minded Politburo. They were accused of collusion with the deposed hardline leadership under Mr Erich Honecker.

In what may have been the knockout blow to the party's fortunes, the East German state prosecutor ordered the arrest of Mr Honecker and his closest Politburo advisers.

Mr Erich Mielke, the 81-year-old head of the detested Ministry of State Security, was taken into custody along with Mr Willi Stoph, the former Prime Minister, Mr Werner Krolikowski and Mr Günter Kleiber.

Mr Honecker, however, was said to be too ill to be arrested while Mr Herman Axen, his former foreign affairs adviser, also ordered to be arrested, was in Moscow undergoing eye surgery. The arrested leaders were accused of misuse of office and corruption, severely damaging the economy and enriching themselves.

The delegates to the congress, elected democratically for the first time in more than 40 years, gathered in the Dynamo Sports Hall to decide whether to dissolve and then re-form the party, or to retrench under a new name.

A provisional party leadership issued a working report on the eve of the congress dramatically blaming the party for the "deepest crisis in the history" of East Germany.

The report hinted at a possible change in the party's name to "Socialist Party of the GDR." But the name change alone was unlikely to satisfy delegates angered by the revelations of corruption and cronyism at the top.

Many reformist delegates were promoting Mr Wolfgang Berghofer, the mayor of Dresden, to be the new party leader. The mayor averted a possible disaster last October by preventing the security forces from violently attacking demonstrators.

Mr Berghofer's candidacy was supported by the seemingly unlikely former head of East German espionage, retired Gen. Markus Wolf, who six months ago revealed himself to be a supporter of Mr Mikhail Gorbachev, the Soviet President. Gen. Wolf was responsible for planting Mr Günter Guillaume as an agent in the office of the then West German Chancellor, Mr Willy Brandt, who resigned in the wake of the scandal.

The party congress was expected to eliminate the orthodox Politburo and instead elect an executive and a praesidium which would strongly resemble the leadership structure of the West German Social Democrats.

Mr Erich Honecker: arrest ordered

Pressure grows over BAe tax gains

By Charles Leadbeater and Ralph Atkins

THE TAX benefits British Aerospace gained through its acquisition of the Rover Group may be worth far more than the £23m estimated by the European Commission when it sanctioned the deal.

The extent of the tax benefits are likely to come under close scrutiny in the coming week after Mr Gordon Brown, Labour's trade and industry spokesman, yesterday tabled a series of parliamentary questions calling on the Government to publish the final terms of the sale.

The undisclosed tax benefits would be in addition to the £38m in secret additional concessions which the Government made to finalise the deal. These aspects of the deal are being investigated by the European Commission.

The National Audit Office report into the sale, published two weeks ago, said the tax benefits were worth between £33m and £40m, on the basis of a report by accountants Touche Ross. The full report said the benefits could amount to £65m.

However, the Touche Ross estimate did not include a valuation of the tax benefits which could be generated by Rover's capital losses, which could be offset against capital gains tax.

Prior to the sale the Department of Trade and Industry estimated the value of the tax benefits from capital losses could amount to an additional £70m.

At a late stage in negotiations on the sale, BAe insisted that a ceiling on its access to the capital losses should be lifted. Peat Marwick McLintock, the accountants, advised the DTI that BAe was unlikely to make much use of the capital losses to tax.

The Touche Ross report says the value of the capital losses tax benefits depends on a company's ability to generate capital gains.

The NAO report estimated that BAe acquired surplus sites worth £35.5m and holdings in nine other companies. Sales of two stakes in Daf, the Dutch commercial vehicles manufacturer and Istel, Rover's software house, have already raised £126m.

The NAO's estimate may also prove to be conservative as BAe may gain greater tax benefits than expected if Rover's profits are healthier than forecast at the time of the deal.

BAe can use £500m of Rover's accumulated £1.6bn in trading losses to offset against tax on future Rover profits.

BAe can also use unclaimed capital allowances which can be offset against tax liability. At the time of the negotiations BAe valued these allowances at £300m, whereas the Touche Ross report estimates them at £473m.

The tax concessions were confirmed in a letter from Lord Young of Graffham, the then trade and industry secretary to Professor Roland Smith, BAe's chairman on July 12 last year.

However, the next day BAe threatened to call off the deal. Labour believes that extra concessions may have been made during these final discussions.

Britain catches cold in latest flu outbreak

By Jimmy Burns

BRITAIN'S outbreak of 'flu, which has left schools empty, put further strains on already overworked doctors and nurses and even laid the Queen low, was registered yesterday as a mere "blip in absenteeism" by the Confederation of British Industry.

Only hours earlier, the Royal College of General Practitioners' research unit in Birmingham had declared that the UK now had a "substantial influenza epidemic" which was getting worse faster than at any time for 14 years.

The unit collates information of communicable diseases and respiratory tract infections from a network of 228 family doctors in 62 practices across England and Wales.

Nevertheless, the CBI insisted that it had heard nothing from its member companies that suggested the need to press panic buttons.

"Obviously, there is going to be a blip of high absenteeism and some companies will have to bring in temporary staff but its not going to make a major difference," the CBI said.

A straw poll of leading companies and retail outlets conducted by a sniffly reporter from the FT confirmed that on the 'flu issue, if nothing else, the pre-Christmas mood was distinctly clear-headed.

ICI, Britain's major chemical group, said: "There is no detectable sign of this 'epidemic' having a significant effect on absenteeism."

National Westminster Bank's medical officer had advised senior management and department heads that the number of people off sick over the last week was "not a great deal different from this time last year."

In 1988, a "non-epidemic" year, severe outbreaks of 'flu depleted ranks of postal workers to such an extent that Christmas mail was threatened. Last night the Post Office declared that it had "no reports of problems."

From the retailers and other, mainly Japanese, companies, the only press statements emanating yesterday appeared to be generating rather more heat than cold. The overriding subject of their concern in the run-up to Christmas was microwaves.

The Department of Health refused to give official status to the term "epidemic."

"We do not know whether it is an epidemic. We have not heard from the Chief Medical Officer and we have not been able to raise the Emergency Bed Service. They've probably all gone home. I suggest you ring back on Monday."

THE LEX COLUMN

An early Christmas for equities

There can no longer be any doubt that the London market is enjoying a formidable year-end rally. Since its low point six weeks ago the FT-SE has risen 280 points, or 14 per cent. Though still a touch below its high for the year, the market is up 32 per cent on the year to date and a mere 3 per cent below its all-time peak in July 1987.

Some of this is perfectly understandable. Having been knocked off its usual Wall Street track in October by the rise in base rates and Mr Lawson's resignation, the market has since been catching up.

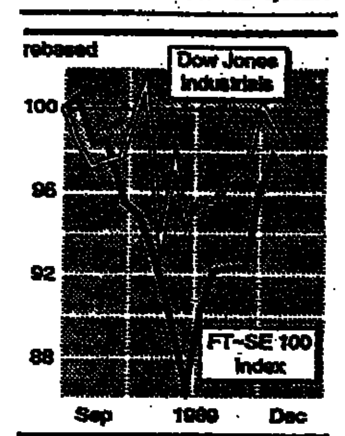
There has also been a sudden rash of bids after a period in which investors were seriously starting to wonder whether the cycle in corporate activity had finally turned down.

And perhaps above all, sterling seems to be levelling out at DM 2.80, thus providing corporate earnings with the stimulus of devaluation without the risk of 16 per cent base rates.

At the same time, corporate earnings remain the central problem. Those who believe the earnings slowdown is wholly in the market should consider the price behaviour of Asda – down 17 per cent on the week after a profits warning – or Rank, down 33p in an hour yesterday on a reduced broker's forecast.

Nor were the week's results encouraging, with uniformly terrible figures from Norcros, De La Rue and Saatchi. There was also a curious rash of boardroom resignations, some of which must be the result of earlier strategies succumbing to tougher times. With long gilt yields above 10 per cent for the first time since October 1987, the yield ratio is not very encouraging either. All in all, US interest rates may have to come down fairly promptly for London's rally to be sustained.

FT index rose 11.1 to 1,862.0



Sea Containers

We may not have seen the final curtain descend on the $1.1bn struggle between Sea Containers and Temple, but at least we have entered the last act. There are a maximum 71 days to go before the EGM (or, if Mr Sherwood decides, an AGM) which will vote on Stena/Tiphook's combined and increased offer. That may be longer than the normal UK offer period, but it will seem thankfully brief to the arbitrageurs who have been hovering around the stock since last March when Stena first revealed a stake. The arbs have at last been offered $70 a share in cash and are likely to prefer that to any variant of the jam tomorrow offered by Mr Sherwood.

The Sea Containers chairman has been resourceful in his strategy to date and the court rulings, including the latest edict from Bermuda denying Temple an injunction to block a recapitalisation plan, have worked to his advantage. If the planned asset sales meet their targets, Mr Sherwood has another $120m up his sleeve which he can use either to sweeten the offer or, lawyers permitting, buy back his own shares. That would purchase 1.7m shares – 11 per cent of the equity – at current prices.

But Sherwood will need to act quickly, an ability which has not been a feature of his tactics so far. And since Sea Containers has yet to complete the negotiations relating to 40 per cent of the disposals, the odds on a Temple victory must have strengthened considerably yesterday.

US economy

What seems most apparent from analysis of yesterday's US employment figures is the unreliability of such statistics. Overcounting of local government employees caused a 60 per cent downward revision of the October increase. And as proof of their bullish mood, the markets decided to concentrate on the revision rather than the higher than expected rise in November.

Together with November's 27,000 fall in manufacturing jobs – the eighth successive monthly decline – the October figure could be enough to persuade the Fed to ease rates another quarter of a percentage point. The betting yesterday seemed to be that the Fed would bide its time until the dollar was strong enough to take the strain.

That US manufacturing industry is in pain has been evident from the results season; but Wall Street is evidently looking beyond the current difficulties to a recovery in the second half of next year. The service sector is still buoyant, as is consumer spending, so that recession on the economists' strict definition still looks unlikely. GNP could still grow by 2 per cent in 1990.

But the bulls' carefully constructed scenario could be disrupted if inflation, which has slipped back to 4.6 per cent after peaking at 5.4 per cent in May, rears its head again.

That would probably push the Fed into prompting a long UK-style phase of higher interest rates. It might also force the market to focus on some of the US's long-running economic problems, such as the scarcely shrinking trade deficit.

Alan Bond

Mr Alan Bond's tribulations have acquired a kind of macabre fascination, like watching a leaking ship in a typhoon. The latest hostile move by Mr Spalvins is typically Australian in its complexity, but its aim is to deny Mr Bond legal access to such cash as remains in Bell Resources. Bell is now by far the most valuable part of the Bond empire, with a market value of A$220m.

Extracting its cash may be the key to Mr Bond's survival; but at a price of 40c, the shares are already sadly adrift from the A$1.70 Mr Spalvins paid for his 20 per cent stake.

The market value of Bond Corporation itself has sunk to A$80m. This is about the same as the value of Bond Media, which is subject to a hostile bid from Mr Kerry Packer at 5c below the 15c market price.

All told, the quoted parts of the empire are now worth less than A$400m, while the net debt in Bond Corp alone is more than 10 times that.

Perhaps the most remarkable aspect of it all is that the companies retain their stock exchange listing. With each successive default on the Bond group's debt payments, it has seemed more likely that one or other of the banks would call it a day. That may still be the most likely result; in the meantime, Mr Bond fights on with undimmed tenacity. Others in the Australian financial community who find their image overseas coloured by Mr Bond's misfortunes might wish for a speedier outcome.

Soviet Communists

Continued from Page 1

"All these ideas are proposed by the many fellow-travellers of perestroika who claim to be 'protecting' it, and even at times advanced by those who have prepared, initiated and been energetically carrying out the development of the country, all these years since April, 1985," the newspaper said, in a phrase which many observers believe could be aimed at leading conservatives like Mr Yegor Ligachev and Mr Lev Zaikov.

However, many leading reformers also fear that Mr Gorbachev's own position could come under fierce attack, a fear which prompted Dr Sakharov yesterday to issue strong support of the Soviet leader in spite of objections to his "style of leadership."

The Pravda editorial said the party in the future would "continue to purge itself of the wreckage of the past.

However, it then backed the line laid down by Mr Gorbachev, that reconsideration of Article Six could only come as part of the total review of the constitution.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				PARIS (FFrs)			
Rises				**Rises**			
Linde	860	+	10	Elf Gabon	1100	+	64.6
Porsche	814	+	6	Michelin	174.7	+	8.8
Falls				Pechel Bron	1809	+	105.8
Beiersdorf	675	–	15	Penhoet	685	+	37.2
Daimler-Benz	710	–	9	Screg	1151	+	53.4
Hamburg Elekt	163	–	8	**Falls**			
Karstadt	646	–	17	Moulinex	144	–	5.8
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Chevron	67¼	+	1	Aiwa	2130	+	150
Chrysler	19¼	+	⅜	Fuji Kiko	1610	+	110
Pennzoil	85⅜	+	2¼	Katakura Chik	1250	+	110
Falls				Okamoto Machine			
FNMA	34¼	–	2¼		1210	+	200
IBM	96¾	–	1⅛	Tokyo Drop	1330	+	130
Pfizer	69⅞	–	3⅝	Tsurumi Soda	1290	+	120

New York prices at 12.30

LONDON (Pence)							
Rises				Kleinwort B'son	403	+	15
British Aero	557	+	31	Midland	365	+	12
BP	332½	+	9½	Shell	479	+	8
British Telecom	294	+	11½	Williams Hlds	247	+	9
Clyde	179	+	10	**Falls**			
Davy Corp	255	+	11	Cookson	272	–	7
Enterprise	678	+	22	General Acc	1173	–	13
Grand Met	597	+	17	Johnson Matthey	346	–	23
Hambros	290	+	15	Rank Org	856	–	33
Hawker Siddeley	685	+	13				

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	16	61	Dallas		–	–	Madeira	S	19	66	Prague	S	0	32
Algiers	F	20	68	Dublin	C	8	46	Madrid	C	11	52	Reykjavik	C	7	45
Amsterdam	F	7	45	Dubrovnik	S	13	55	Majorca	F	18	64	Rhodes	R	15	59
Athens	C	17	63	Edinburgh	C	2	36	Malaga	R	17	63	Rio de Janeiro		–	–
Bahrain	S	17	63	Faro	F	18	64	Malta	S	19	66	Rome	R	13	55
Barcelona	S	15	59	Florence	F	11	52	Manchester	C	5	41	Salzburg	C	-1	30
Belfast	C	7	45	Frankfurt	Fg	-1	30	Melbourne	S	22	72	S'Francisco †	F	7	45
Belgrade	S	4	39	Geneva	C	1	34	Mexico City		–	–	Santiago		–	–
Berlin	C	2	36	Gibraltar	R	17	63	Miami †	C	24	75	Seoul	S	1	34
Biarritz	S	13	55	Glasgow	Fg	-2	28	Milan	Fg	2	36	Singapore	F	28	82
Birmingham	C	5	41	Guernsey	S	7	45	Montreal †	S	-21	-6	Stockholm	S	-6	21
Blackpool	C	5	41	Helsinki	Sn	-8	18	Moscow	Sn	-14	7	Strasbourg	C	-1	30
Bombay		–	–	Hong Kong	S	22	72	Munich	C	-2	28	Sydney	F	21	70
Bordeaux	S	11	52	Innsbruck	S	0	32	Nairobi	F	25	77	Tangier	T	17	63
Boulogne	F	6	43	Inverness	C	3	37	Naples	R	14	57	Tel Aviv	C	17	63
Bristol	C	7	45	Isle of Man	C	6	43	Nassau		–	–	Tenerife	F	22	72
Brussels	C	2	36	Istanbul	F	8	46	Newcastle	C	4	39	Tokyo	C	13	55
Buenos Aires		–	–	Jersey	S	7	45	New Delhi	S	20	68	Toronto †	F	-9	16
Budapest	S	2	36	Johannesburg	F	19	66	New York †	C	-5	23	Tunis		–	–
Cairo	S	21	70	Las Palmas	F	21	70	Nice	S	14	57	Valencia	F	16	61
Cape Town		–	–	Leeds	F	5	41	Nicosia	C	18	64	Venice	F	7	45
Cardiff	C	7	45	Lisbon	C	16	61	Oporto	F	17	63	Vienna	S	2	36
Chicago †	F	-10	14	Locarno	C	3	37	Oslo	Sn	1	34	Warsaw	F	0	32
Cologne	C	3	37	London	C	7	45	Paris	S	5	41	Washington †	Sn	-3	27
Copenhagen	F	6	43	Los Angeles †	S	14	57	Peking	S	9	48	Wellington	S	15	59
Corfu	C	17	63	Luxembourg	F	2	36	Perth	C	21	70	Zurich	C	1	34

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Chevron fights stock buy-up by Pennzoil

By James Buchan in New York

CHEVRON, the sixth largest of the world's oil majors, yesterday hit back at Pennzoil for accumulating its stock by suing the small Houston company, tightening its anti-takeover by-laws and raising a $5bn line of credit.

The moves by the San Francisco oil company came as Mr Hugh Liedtke, Pennzoil's chairman, repeated his claim that Pennzoil had bought the $2.1bn block of stock, representing 8.8 per cent of Chevron, as a long-term investment and he had no interest in attempting a takeover.

But Mr Kenneth Derr, Chevron's chairman, said yesterday: "Our board believes that Pennzoil's acquisition of Chevron shares is disruptive and represents a threat to the realisation of our long-term business objectives."

The new credit line, which Chevron said is designed to provide "financial flexibility," set off a flurry of speculation on Wall Street that Chevron might turn and buy Pennzoil whole to remove an irritant. Pennzoil stock was up $2¼ to $85⅜ by noon yesterday. Pennzoil is worth about $4.5bn, including outstanding debt.

However some brokerage analysts and speculators were sceptical that Chevron would want or need to attempt such a far-fetched defence. "Chevron is just trying to show Pennzoil that it's tough," said a leading arbitrageur.

One extreme possibility being aired on Wall Street was that British Petroleum, which is known to want to expand on the West Coast, might be interested in part or all of Chevron. BP's US-listed stock rose $1⅝ to $62⅝ yesterday morning.

In a strong statement yesterday morning, Mr Derr announced that Chevron had:

● sued Pennzoil in a federal court for allegedly breaking securities laws in buying its 8.8 per cent stake over the last two months;

● lowered the level at which a stock buyer triggers a so-called "poison pill" anti-takeover device to 10 per cent of the company from 20 per cent;

● made it harder for anybody but Chevron's directors to call a special stockholders' meeting;

● and established a $5bn line of credit with banks in the US and overseas to give "the company sufficient financial flexibility to capitalise on opportunities that may develop." These banks have agreed not to finance purchases of Chevron stock by anybody else.

Wall Street is convinced Mr Liedtke wants to take an active role at Chevron, which is seen as the most lacklustre of the big oil companies. Mr Rosario Ilacqua, an analyst at Nikko Securities in New York, said: "Chevron suspects that Mr Liedtke has wider intentions than he's stated. They're setting up a defence for all eventualities."

Pennzoil, which last year had sales of $2.3bn to Chevron's $27.7bn, is best known for extracting $3bn in damages from Texaco, another oil major, for interfering in its deal to buy nearly half of Getty Oil in 1984.

Pennzoil says it believes it will not have to pay tax on this sum, which is $2.6bn after legal and other fees, if it invests it in a similar set of assets to Getty.

Edwardes to resign

Continued from Page 1

Sir Michael's change of role was "very much at his own behest."

If Minorco had won the Gold Fields battle, Sir Michael, now 59, would have spent two or three years heavily involved in restructuring Gold Fields' worldwide interests.

However, the bid was unsuccessful because Minorco became tangled in litigation in the US and could not meet deadlines imposed by the UK Takeover Code.

Minorco eventually sold its shareholding in Gold Fields to the Hanson group, which went on to make a successful takeover offer for the mining company.

Consequently Minorco now has $2.5bn (£1.6bn) in cash, but will take much longer than it previously hoped to achieve its ambition of becoming a major international natural resources group rather than a passive investment organisation.

"The role which Sir Michael saw for himself, managing change, is no longer available to him," Mr Irons said.

Sir Michael will remain deputy chairman of Minorco and chairman of its seven-strong executive committee.

He will also remain chairman of Charter Consolidated, the UK conglomerate in which Minorco has a 36 per cent shareholding.

His operational, day-to-day role will be assumed by Mr Tony Lea, currently Minorco's finance director, Mr Roger Phillimore, the commercial director who is also Mr Oppenheimer's godson, and Mr Hank Slack.

Water

Continued from Page 1

initially allocated to institutions are clawed back and made available to the public. This is triggered when an offer for an individual company is more than 2.25 subscribed.

The proportion of the total offer being made available to the public, excluding that allocated to employees, has already risen from 23.55 to 28.18 per cent through operation of overseas clawback.

The exact ways in which scaling down will take place in the case of each of the 10 offers will decided today and tomorrow and officially announced on Monday morning.

BAA attracted 2.5m applications and British Gas 4m. But these flotations took place in more confident market conditions before the October 1987 crash.

Weekend FT

SECTION II — Weekend December 9/December 10, 1989

Christina Lamb looks back on her tour as FT correspondent in Pakistan. She was, in effect, expelled by Benazir Bhutto's Government in September

Mario Minichiello

Benazir's democracy

THE CHILD in tattered rags, splashing in an open sewer, has the happiest smile I've ever seen. Like half of Pakistan's population, she does not have clean drinking water and, like three-quarters, she will never read. By the time she is 14 she will be shrouded in a *burqa*, destined to see the rest of her life as snapshots through its embroidered grille.

Her father, Lala, is probably 30 but looks 50. He falls on his knees and kisses the hem of the shirt of the feudal lord for whom he voted in the election and on whose land he and his ancestors have always worked. The landlord is a Sindhi MP who, sipping whisky on a silk sofa in his white palace in Islamabad, talks fervently of universal education but would not dream of weakening his unthinking peasant bloc vote by allowing schools in his own fiefdom.

At the mosque on Fridays, the mullah rants hysterically against the curse of woman's rule and calls for Islamic government while, in the village tea-house filled with hashish smoke, Lala's younger friends talk enthusiastically of independence for their province. Some have erected red nationalist flags depicting menacing black axes.

The labourer cannot see how either option would solve his immediate problem of feeding a pregnant wife and six children, two of whom have tuberculosis. He is allowed to keep a third of his produce, but the strip of land on which he works is turning white and becoming infertile with seeping salt caused by poor drainage.

In the one-room shack where the family lives is pinned a picture of Benazir Bhutto, Pakistan's Prime Minister. Lala believes that she is their only hope. He once heard her father, Zulfikar Ali Bhutto, Pakistan's first elected Prime Minister, speak and Lala had never been given such hope. "Mr Bhutto seemed to be directing his words straight at me: 'Roti, Kapran au Makan [bread, clothing, shelter].'" Bhutto did not keep his promises but, instead, took into his government the very landlords who were oppressing Lala and his ilk. "When he was toppled in a coup, we made little protest. Army rule again."

Lala says they felt guilty later when Bhutto was hanged by his successor, General Zia-ul-Haq. "He was a Sindhi, and Sindhis have always been oppressed by the majority Punjab population, who fill the civil service and army and police. Some of us tried to make amends in 1983 when we joined the movement to protest against martial law but, as usual, the rest of the country did not support Sind. The army came in tanks. They stole cattle and raped women and shot those demanding their rights. They rounded up thousands."

Lala fled to the forest and became a bandit. Some of his friends stayed there. They got guns – plenty were available from the Afghan war – and started kidnapping people. They made a lot of money, Lala knew, "but what kind of life for a man – living like pigs in the dirt, in the forest, always on the run?" So he went back to the land although, he recalls: "One year was particularly bad. There was no rain and the crops did not grow. We had a goat but had to sell it to feed the baby."

Lala thought of going to the city. "People used to say the streets of Karachi were paved with gold." He also heard that they were killing Sindhis. "But there was always hope – Zia [at that time President] could not live forever and one day the army would go home." His parents had told him stories of the creation of Pakistan, the excitement of their own Moslem homeland. Now, people talked only of breaking it up.

ZIA'S plane crashed one day in summer 1988. Lala was in the field, sweat running down his face as he tried to coax crops from the parched, stubborn fields. He heard shouts and some friends came running. They were so excited they could hardly get the words out. "Zia is dead! Zia is dead! Now everything will change." Lala was sceptical. He thought the army would take over but, as they all crowded round Ghulam's cheap, crackling transistor radio, they heard there were to be elections.

That autumn was incredible. "Every day brought new hopes – Benazir had had a baby, Benazir would be allowed to contest elections." Politicians appeared in great noisy cavalcades with food and promises. Lala went to meetings and brought back lumps of goat meat for his family instead of their usual diet of rice and bread. "Jeay Benazir [long live Benazir], jeay Benazir," he roared until his lungs burned. No sub-continental politician could stir emotions as she did. When it came to vote, Sind repaid its indifference to Mr Bhutto's death with a massive majority for his daughter.

When they heard she was to be Prime Minister, they danced until dawn. "Danced! In the face of the mullah! Benazir would let us dance." There would be jobs and food and perhaps Lala's son could even go to school. Already, Benazir had released all the political prisoners and freed trade unions. That was last year. Today, Lala has no more rice to feed his family and is thinking of re-joining his friends in the forest. "Prices have gone up, almost doubled. There are no jobs." He wished he had the means to go to Islamabad, but someone told him you could get jobs from the specially set-up Placement Bureau only if you could prove you had been in prison. "Then they said it had been disbanded – corruption again.

"Some foreigners came and said they would build a school, but the landlord laughed when we asked him. There were rumours of a clinic, but it did not come. Electricity and water? Well, every politician promises those: we don't fall for that one. But we did hope for a road this time. People who went to Karachi are back. They say there are no jobs there – just curfew and killing." His wife wants to tear down the picture of Benazir but, to Lala, that would be the end of all hope. He would starve first.

Right at the other end of Pakistan, deep in the tribal areas near the border with Afghanistan, meat juices are dripping down the fleshy chin of an Afridi chief. He is considering putting up a picture of Benazir. To his surprise, he has been very pleased by the new government. His money comes from drugs – the chief is one of the world's biggest producers of high-grade heroin – and, hedging his bets, he once funded politicians on all sides of the political spectrum. Now, he is more powerful than they.

"When [Benazir] became Prime Minister, she launched a big campaign against the drug barons. We had an emergency meeting and sent out warnings – a business associate of the Prime Minister's husband was abducted and several narcotics officials killed. One of our number gave himself up and, for a while, we thought he might name names; but the appropriate threats went out and he was released through lack of evidence. Laughable, really, after the Government had crowed that they had captured the king-pin of the heroin trade.

The chief adds: "Of course, it helped that the military intelligence and the CIA were in on it." It is a common allegation, which shows the widespread disillusion with the West. He explains that they needed the co-operation of the tribal chiefs to run their operations in Afghanistan, while the tribes needed the army trucks to transport the heroin to Karachi. "A healthy symbiotic relationship," says the chief. "But it's funny that the CIA are using the very people the [US] State Department are trying to stop.

"All these Western aid projects have helped opium poppy production in Afghanistan and the Americans have produced a new incentive – offering bribes to those who destroy their crops. They don't learn. They tried that in Pakistan and production went up." The tribals are, however, getting a little fed-up with the *mujaheddin* blocking the road to Afghanistan, so stopping smuggling. "As long as the Government don't interfere, we can get on with running things," says the chief, downing Russian champagne.

IN Karachi's business circles, suspicion has crystallised into hostility. At a smart dinner, leading industrialists have come in second-hand cars or taken different routes to avoid being stopped at gunpoint by the mix of rural Sindhis, unemployed graduates and drug mafias terrorising the southern port that is the country's commercial centre.

Law and order is their main preoccupation – many of their number have been kidnapped. They were always wary of Benazir; after all, her father did nationalise their industries. "But," says a banker, "Zia had got things into a mess, borrowing all that money at crazy interest rates, and she made that reassuring speech at the Stock Exchange in January talking of privatisation and sweeping away any fears that the party's manifesto promise, 'Socialism is our Economy,' might be serious."

"Corruption is bad, though," interrupts an exporter. "Of course, it was always there – why, even the mullahs steal electricity to heat water for their ablutions. But, now, Western bankers are being asked openly for commissions by ministers. What must all these donors think of a country that, out of 107m people, cannot find a Finance Minister?"

Foreign investment is seen as the cure to all woes. But, says a textile tycoon, you must first create the right conditions. "Who would set up a company where your workers cannot get to work because of curfews; where managers are likely to be kidnapped; and where the Government allows a Dial-a-Kalashnikov service to operate under its nose and can't even give its police decent pay or guns?"

For the first time, more investment has been sanctioned in Punjab than Sind. Some of the guests speak admiringly of Nawaz Sharif, a protege of Zia and Benazir's great rival, who runs the Punjab Government like a business – sometimes like a family business, say his opponents. He is an industrialist, unlike most of Pakistan's politicians who, usually, are feudal. The businessmen are suspicious of his closeness to the fundamentalist Jamaat Islami, "but at least he's a good manager," says one.

Benazir's managerial abilities were called into doubt even before the election. I saw money changing hands during the issuing of party tickets, and candidates who were party loyalists were dropped at the 11th hour in favour of former Zia ministers thought better able to win office.

Not one of her former allies in the struggle to restore democracy is with her today; instead, they are supporting their one-time sworn enemy, Nawaz Sharif.

Benazir made a hero out of Sharif. Ignoring army hints of a government of national consensus, a much-publicised attempt to topple him, fronted by federal ministers, back-fired in March.

A year ago, Sharif probably would have lost his own seat without the backing of the administration and army; today, he may well be capable of sweeping the entire province – 60 per cent of the population. Last month his party almost toppled Benazir herself in a no-confidence motion that failed by just 12 votes.

This is likely only to increase the Government's conviction that everyone is against it. Benazir's suspicion of the bureaucracy has become a self-fulfilling prophesy, particularly after 70 top-ranking civil servants were made OSD (Officer on Special Duty) – shorthand for being moved out of the way. Those left are frightened to make decisions. The President has spoken to Benazir only once in four months following unsuccessful moves to undermine him, like trying secretly to cut his budget.

AT A cocktail party in Lahore, a journalist from the Frontier Post, a daily English language newspaper, is complaining of being interrogated for publishing an interview with Nawab Bugti, the outspoken chief minister of Baluchistan who refers to Benazir disparagingly as "that girl." A general murmurs in chilling tones: "It's time for the children to stop playing." The men in khaki, he says, are getting restless. "Sure," he adds, "[Benazir] has let them keep their privileges, their plots of land, their scholarships for the children." But she was allowing Sind to fall into civil war and was interfering in matters that were not her concern."

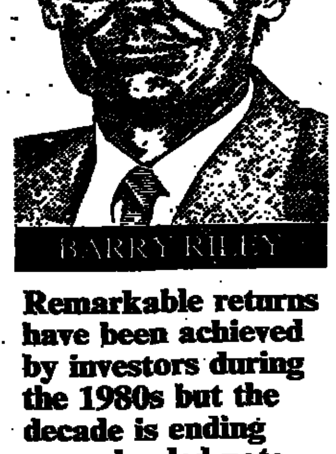
Particularly galling was the refusal to allow official army representation at Zia's death anniversary. "Whatever one thinks of him, he was a hero of the Afghan war and he died in uniform. We should respect that."

She had also tried to remove a joint chief of staff and there had been some arrests. The general continues: "The army chief [General Beg] should stand up to her." A week later, Beg issued a warning, saying how he had had to intervene to help the politicians.

The West still misses a heartbeat every time Benazir, the world's youngest Prime Minister, re-adjusts her head scarf, and fears the return of the army at a time when democracy is winning across Europe. But democracy has been cheapened in the eyes of a people forced to witness the spectacle of elected representatives being bought and sold like cattle, a process the President likened only last week to a stock exchange. Benazir is yet to look comfortable in her first job, and the clock is ticking away.

The Long View

And now for the Nervous Nineties



BARRY RILEY

Remarkable returns have been achieved by investors during the 1980s but the decade is ending on a clouded note for the UK economy

IT HAS BEEN the decade of the investor. If the saver was buried in the Seventies, then, by contrast, the Eighties have showered him with riches.

The equity investor might have come off best, with a five-fold gain in the FT-Actuaries All-Share index, but all kinds of other investments have performed well, too.

Humble cash, for instance, has returned 12.4 per cent per annum on average through the decade, keeping even tax-paying investors usefully ahead of UK inflation which has been at the overall rate of 7.1 per cent (the dip in the middle of the decade has, unfortunately, not been sustained).

Staying in short-dated paper has been the best policy for fixed-interest investors: since 1982, the *annus mirabilis* of the gilt-edged market, returns have been just as good on cash – and without capital volatility.

For the British economy as a whole, though, the '80s are bound to be seen as 10 years that promised a great national revival but have ended in comparative disappointment. The classic turning point was marked by *Fortune* magazine's front cover in May 1988 which trumpeted: "Britain is back!" As true contrarians will have suspected, it was downhill all the way from there.

But not downhill for the stock market. That has roared ahead by another 25 per cent so far this year, and the average annual capital growth has been 17.5 per cent through the decade. Add on five or six points of dividend income and the gross annual rate of return has been 23 per cent.

In practice, allowing for non-equity investments, the median rate of return for pension funds has been a still-extraordinary 19 per cent. No wonder the pension fund actuaries have been made to look rather foolish because of their cautious calculations that returns could be expected to be only two or three points higher than the rate of growth of employee earnings.

So, although pay has grown at an apparently irrepressible rate of nearly 10 per cent a year, and continues to do so, pension funds have generated huge surpluses.

What a change from the Seventies, which left pension funds almost devastated. The simple reason has been a powerful shift in the distribution of national income back towards profits.

In 1980, income from employment accounted for 80 per cent of net domestic product, against 9 per cent for the net trading profits of industrial and commercial companies. By 1988, those proportions had changed to 73½ and 14 per cent respectively.

According to the Bank of England, the pre-tax rate of return in real terms was a rock-bottom 3 per cent or so at the beginning of the decade, but is now more like 12 per cent.

You can explain this in various ways: by arguing that the Tories gave managers back the right to manage; that a vast amount of unproductive capital stock was scrapped early in the '80s; or that the ending of exchange controls in 1979 meant that British profitability had to come in line with international levels.

Add in a decent level of economic growth – about 3 per cent a year – and a favourable tax framework and the scene was set for the high returns on equities.

But a simple up-rating accounts for an important part of the gain: at the beginning of 1980, the 500-Share index yielded 7.1 per cent and the price/earnings ratio was 6.7. If, perish the thought, those values were thought to be appropriate for the 1990s, share prices would need to fall by 40 per cent or more from present levels.

Probing a little deeper, the best five sectors in the FT-Actuaries index have been health and household products (up more than 13-fold), newspapers, life insurance, food retailing and investment trusts. The worst five include the over-blown has-beens of the '70s, property and oils, and Britain's old smokestack problem areas of motors, metals and metal-forming, and mechanical engineering (the last under-performed the All-Share by 40 per cent).

No industrial miracles there, you might say; and, indeed, the '80s have shown that Britain's old economic problems persist, albeit in a less extreme form. Monetary laxness has been a characteristic UK phenomenon ever since exchange rates were floated at the beginning of the '70s and, for all the fine words about tighter control, broad money (M4) has expanded at almost 16 per cent a year through the 1980s.

That has been necessary to provide financing for the housing market (and, latterly, for the balance of payments deficit). House mortgages have climbed from £45bn to over £260bn during the decade and the average annual rise in house prices has been some 10.5 per cent, well in advance of retail prices and slightly ahead of average earnings.

Inevitably, growth in broad money on such a scale has proved incompatible with permanently lower inflation or with currency stability. Sterling has depreciated overall by 4.3 per cent a year (although there has been no net decline in the past three years). In terms of the major currencies, the pound has been weakest this decade against the yen (down by 58 per cent) while the falls against the dollar and the deutschemark are just under 30 per cent.

That yen appreciation has given a decisive advantage to Japanese equities in the '80s. In local currency terms, the Tokyo Stock Exchange index has not been outstandingly better than the All-Share, allowing for London's much greater dividend yield. Measured in sterling, though, Tokyo is up 14.6 times, leaving UK equities far behind. As for the US, however, the All-Share has beaten the Standard & Poors Composite index even in sterling terms.

For investors, a great deal went right and little went wrong in the past decade. Now for the Nervous Nineties . . .

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FINANCE & THE FAMILY: THIS WEEK

The computer marches on

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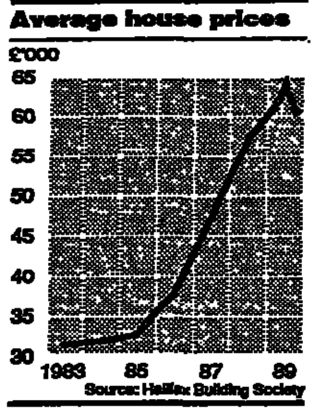
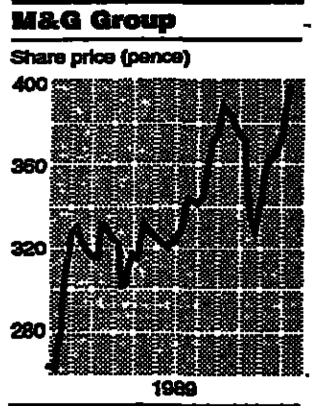
Average house prices



M&G Group



Annual house inflation falls to 4½%

Annual house price inflation fell to 4.5 per cent in November, the lowest it has been since 1982, according to the Halifax Building Society.

House prices in the UK have fallen by more than 2 per cent in the last three months. However, demand from first-time buyers has remained strong this autumn with the result that prices in this sector of the market are 10 per cent higher than a year ago.

The Halifax Building Society says that house prices are continuing to fall in the south and Midlands, and are barely moving in the north of the country and Scotland. It predicts that prices could decline still further next year until they reach the average level seen in late 1988. *Sara Webb*

Profits rise for M&G group

M&G, Britain's largest unit trust fund management group, showed a 31 per cent increase in pre-tax profits this week: profits rose to £30.1m for the year ending September 30 1989, compared with £23m in 1987/88, which was a difficult year for the unit trust industry in view of the stock market crash.

M&G said net sales of unit trusts amounted to £277m, a record for the group, and attributed the increase partly to the fact that it had chosen not to raise its charges during the year. The number of unitholder accounts rose from 493,000 in 1988 to 569,000 this year. *S.W*

Duménil units further suspended

There was more bad news this week — and some good news — for the 12,000 people who have made investments through Duménil, the unit trust management group whose 11 trusts were suspended early last month. Dealing in the units has been suspended for a further two months, until February 5, to allow more time to sort out the muddle over the way the group has been calculating the price of its units. Some unitholders may have paid too much for their units, while others may have received too little when they sold them. Duménil, owned by a French bank, has promised to compensate investors and is trying to reestablish dealing before February 5. *Richard Waters*

Overseas fillip for PEP holders

For personal equity plan (PEP) investors who want to have a high overseas content there was good news this week from the Inland Revenue: it informed PEP managers that in the few months until April 5 1990 investors will be able to put up to £2,400 in any investment trust or unit trust, and not just qualifying trusts.

Until now, investors have been allowed to put up to £2,400 into "qualifying" unit or investment trusts which invest at least 75 per cent of the money in the UK. However, with effect from April 1990, the rules will change and investors will only be able to allocate £750 for investment in *"non-qualifying" trusts which have more than 25 per cent of* their money outside the UK.

Now the Revenue has said that investors who already have unit or investment trust holdings in PEPs will not be required to dispose of those holdings by April 6 1990 simply because they do not meet the 75 per cent UK equity requirement. The Revenue adds: "*If an individual has applied for and transferred into his plan under the new issues provisions more than £2,400 in value of investment trust shares which do not meet the UK content requirements, any excess shares must be disposed of before April 6 1990.*" *S.W*

Dash for water shares

Private investors made a last-minute rush this week to hand in their applications for water company shares on time. The water flotation has been heavily over-subscribed and received the third highest number of applications of any UK privatisation, after British Gas and BAA. *S.W*

LONDON

Water proves the best tipple for Footsie

HERE'S THE latest party game. Imagine you are a member of the Government trying to privatise a public utility — the 10 water companies, for example. Now forecast what the market conditions will be at flotation.

When the game began on November 22, the day the water share price was announced, few could have guessed that Michael Howard, the water minister, would this weekend be floating on the crest of a 180-point rise in the FT-SE 100 index. If Footsie can withstand another 30 hours or so of global trading, water stocks could rise to a premium of as much as 30 per cent above the partly-paid offer price of 100p, when dealings begin on Tuesday.

The sight of thousands of punters queuing on Wednesday to hand in their water share application forms at a City bank dried the word "flop" on the lips of the flotation's opponents. Instead they will have to accuse the Government of giving away the shares — a particularly sensitive area this week, following further revelations of "sweeteners" in the British Aerospace takeover of Rover.

For the Government there are few sweeter sweeteners than a rising market. When it suits them, ministers can claim stock market whims are beyond their control. "Nonsense," retorted Howard on Wednesday, at the suggestion that the Government might have known the market would rise so strongly.

In fact, Footsie's buoyancy this week owes much to the apparent success of the £5.24bn water flotation, and vice versa. The market was first inoculated against a short-term decline by Chancellor John Major's affirmation last week that sterling would be just one of a range of factors behind interest rate decisions.

Major administered a booster to that injection of confidence on Monday with a deft political performance before the House of Commons Treasury and Civil Service Committee, refusing to define "firm exchange rate" (his goal), but again stressing that a basket of considerations would determine interest rate policy. Sterling edged up obediently against the dollar and D-Mark and Mrs Thatcher's success in the Tory leadership election provided a further cold cure.

On top of that, the prospect of institutions and (more likely) private investors reinvesting quick profits from the water sale in equities has at least strengthened the market against a pre-Christmas selling epidemic, although trading is still thin. Bulls will be hoping for a successful first day of water share dealings to offset any bad economic news next week, which also sees the publication of figures on retail sales (Monday), unemployment (Thursday) and, on Friday, the all-important indicator of inflation, the retail price index for November.

News from UK companies was perhaps less conclusive than Footsie's rise of 52.4 points on the week suggested. On Wednesday, two of Britain's largest retailers, Kingfisher (the old Woolworth group) and Dixons, confirmed the reversal of their fortunes since Woolworth escaped a hostile bid from the electrical goods retailer three years ago.

This time, Geoffrey Mulcahy, Kingfisher's chief executive, is cast as predator, with a £589m hostile bid for Dixons.

Kingfisher was formed from a buy-out of Woolworth seven years ago and owns Comet, the second largest player in the electrical market, among others. While Dixons' profits have declined, Kingfisher, which criticised Dixons' "outdated commercial strategy," has enjoyed a notable revival. Dixons shares ended the week up 32p at 139p, above the 120p offer price but a far cry from the peak of 419p three years ago.

The bid provided a momentary fillip for retail stocks in a week which has had its fair share of bad news for shopowners, although most analysts confirmed that the retail slump was already accounted for in the market.

On Monday, Asda Group, hit by difficult trading in non-food items, warned that interim pre-tax profits would be about a quarter lower than the equivalent period's £109m and full-year profits well below last year's £246.8m.

The shares, which ended the week down 23p at 112p, were also hit by the latest CBI/FT distributive trades survey which confirmed on Thursday what most retailers will already have known: November was a bad month, with interest rates putting pressure on domestic demand.

Against that background, it was hardly surprising to see Great Universal Stores, the mail order retail, finance and property company, reporting a modest 5 per cent rise in interim profits to £166.2m before tax on Thursday, in line with expectations.

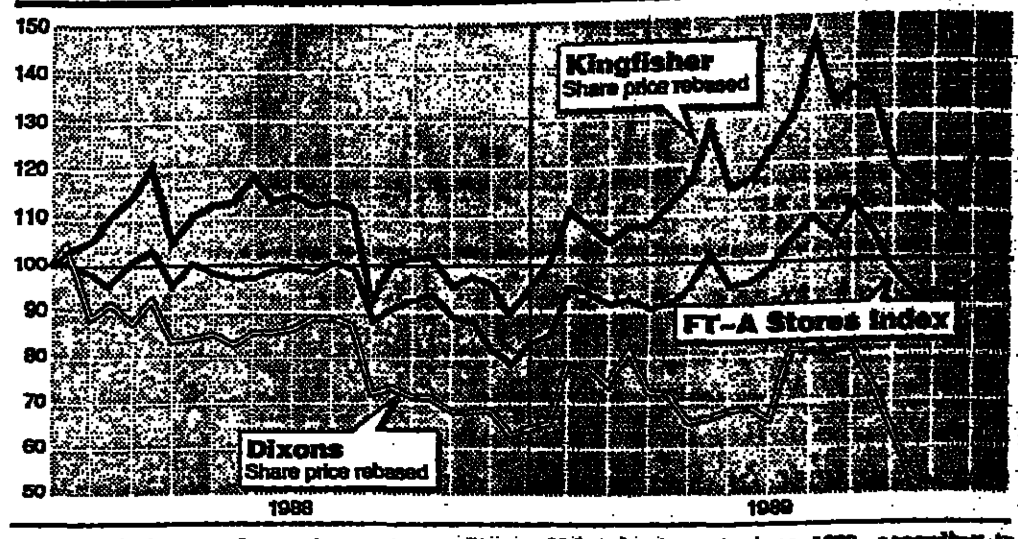
The property sector started to generate interest after British Land, one of the UK's largest property groups, suspended its shares on Tuesday. A day later it announced a restructuring aimed at beating the poor market perception of property stocks. Most of its £1.45bn of property assets will be sold, and the proceeds distributed to shareholders. The outstanding £339m worth of property will be injected into the imaginatively-named New British Land, set up for the purpose, in which old British Land's shareholders will have a stake.

That countered more depressing news from the housebuilding sector, with house price inflation at its lowest since 1982, according to Halifax Building Society's report on last month's trends. In line with that trend, Trafalgar House warned of a "small dip" in annual property profits — which include housebuilding — when it announced interim profits up 18 per cent to £270m on Tuesday.

Giants of the corporate sector seem less susceptible to such downturns. General Electric Company surprised nobody when it met City forecasts with interim profits of £387m before tax on Tuesday and Grand Metropolitan, the foods, drinks and retailing group, proved its mettle two days later by increasing annual profits to £732m before tax, up 27 per cent. That was more than analysts had expected and in spite of an unsettling year of buying and selling, including the acquisition of the Pillsbury and Burger King operations.

If the Saatchi brothers could swap such assets for the tarnished Saatchi & Saatchi collection — consultancies, advertising, public relations and design agencies — they might well do so. The communications and consulting group they founded trudged to the end of a disastrous year on Wednesday when it announced annual profits down from £116.4m to £81.3m before tax, and a cut in the final dividend from 8.6p to 1.6p. Saatchi shares ended the week down 10p at 264p.

Andrew Hill



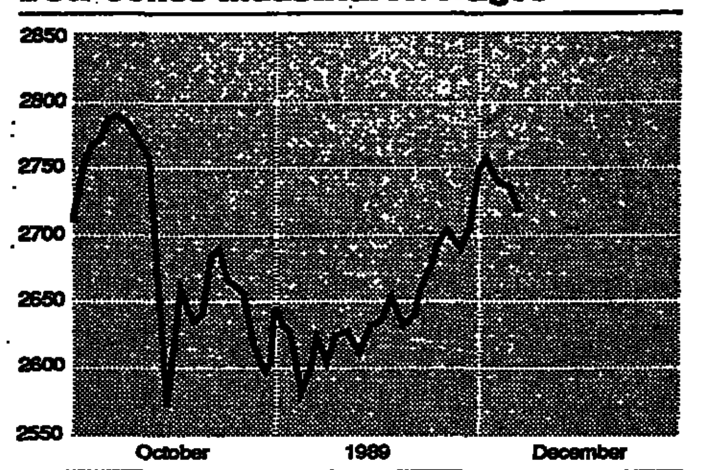
HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2363.5	+52.4	2426.0	1782.8	Water issues subscription
Allied Colloids	157	-16	183	119	Disappointing interim results
Blue Circle	242	+25	307	195½	Shortage of stock
British Land	402	+70	410	278	Restructuring
Dixons	139	+32	174	98	120p a share bid from Kingfisher
Grand Met	597	+27	658	425	Good full year figures
Hambros	290	+20	290	197	Speculative buying
Hammerson 'A'	834	+44	929	720	In sympathy with Brit Land
Kingfisher	286	-23	373	234	Bid for Dixons
Macarthy	265	+48	357	215	Talk of West German bid
Reuters	1038	+90	1042	506	US presentation & buying
Saatchi & Saatchi	264	-10	421	256	Results worse than expected
Trafalgar House	371	+26	422	288½	Bid talk
Wellcome	748	+22	785	400	Wider approval of AZT soon
Whitbread A	405	+23	409	299	Talk of early sale of spirits div.

WALL STREET

A change in psychology

Dow Jones Industrial Averages



DESPITE Wall Street's robust performance yesterday morning, after the announcement of the employment figures for November, signs are accumulating that the bull market is dying — or maybe that it is already dead.

Obviously a sweeping conclusion like this cannot be drawn from a single modest setback such as the 33-point drop in the Dow Jones Industrial Average from Tuesday to Thursday of this week. In any case, this week's consolidation was a predictable response to the almost uninterrupted 6.6 per cent rally which had taken the Dow up 172 points in the previous month. At first sight, therefore, it would seem rash to suggest that Monday's Dow close of 2,753.63 may turn out to represent a historically important high.

However, there are both psychological and fundamental reasons for paying more heed than usual to the indecisive trading patterns of the past week. As always, the fundamental arguments, relating to *stock valuations, earnings* prospects and macroeconomic policy and performance, should ultimately prove the more important. But in the current circumstances, it is the market's technical and psychological condition which needs to be most closely watched.

The reason for this is simple. The fundamental considerations have been dubious at best since spring, as it became increasingly apparent that the *Federal Reserve Board* was caught in an intractable dilemma between the weakening of US manufacturing output on the one hand and the unbroken inflationary momentum in the service sector on the other. Since late September the fundamentals started *to indicate more* conclusively that the bull market was probably at an end.

What changed between the early summer and the autumn? By summer there could no longer be much doubt that US manufacturing and trade had started decisively to weaken. And yet the Federal Reserve Board was quite conspicuously failing to take or even endorse the one policy measure which could have rebalanced the US economy for an extended period of reasonably stable growth.

What the US economy badly needed earlier this year was a sharp depreciation of the dollar, which would have tilted activity from the service to the manufacturing sector. By *stimulating output, profits and* investment in the traded goods sectors a lower dollar would have lowered the risks of recession, as well as the risks of a global trade or financial crisis, by making the US economy less dependent on Japanese capital inflows.

The Federal Reserve Board had just such a chance earlier this year, when the Group of *Seven finance ministers* issued an almost unprecedented warning to the foreign exchange markets that they wished to reverse the dollar's "unsustainable" and "counter-productive" upward trend.

Instead, the Fed chose to maintain its focus on purely domestic economic conditions and went out of its way in policy *statements* to distance itself from the G-7's efforts at currency manipulation. As a result, the imbalances in the US economy continue expanding, the manufacturing sector is moving into a severe downturn. This was the true message of the employment figures *published yesterday*.

It is the marked deterioration in the fundamentals that makes the market's psychological condition so important today — for if there is to be another peak, it is likely to be enthusiasm, rather than economics, that drives the market higher.

At the most trivial level, the Dow's repeated failure to pierce *2,760 is disquieting*, since this was the last close before the October 13 mini-crash. *More important, the* first signs appear to be emerging of a breakdown in confidence in the "infallible" consumer growth stocks which had led the market higher throughout the past 12 months.

Just two examples seem sufficient — a paper called "The bubble appears" from Shearson Lehman Hutton, which points out that many of today's "steady growth stocks," such as food companies, food retailers, publishers and telephone companies, have been considered "dull or cyclical" groups in past market cycles. Another, called "cyclical vs non-cyclical" from Smith Barney, asks simply whether a stock like Coca-Cola's fundamentals are as good as the market is suggesting and whether Dow Chemical's fundamentals are as negative as the stock price implies.

Finally, and most important, there seems to be a clear breakdown in the leveraged auction process which has swept away all fundamental considerations in valuing takeover stocks in the past few years. The best evidence for this could be seen this week in the market moves of USX and Chevron. Both stocks declined after reports of potentially speculative activity by Carl Icahn and Pennzoil respectively. A few months ago both companies would now be "in play." These days the traders' response seems more sceptical. In the USX case particularly, the market seems to assume that Icahn is simply trying to ramp up the stock price, perhaps to liquidate his own investment, rather than planning a serious bid.

A few months ago such psychological changes on their own might have suggested a healthy period of fundamental strength for the market. The trouble now is that the fundamentals have already turned — and the many investors who are simply waiting around for the Greater Fools to enter the market in its final "speculative blowoff" may just turn *out to be those greater fools* themselves.

Monday	2753.63	+ 5.98
Tuesday	2741.68	− 11.95
Wednesday	2736.77	− 4.91
Thursday	2720.78	− 15.99

Anatole Kaletsky

JUNIOR MARKETS

The bulls start to emerge

IS THE Unlisted Securities Market reaching its nadir? As week by week an ever-growing number of companies produce dismal results, the relative per*formance of the USM has gone* from bad to worse. Over this year to date USM share prices have shown no improvement at all, while the main market has risen by 27 per cent.

Yet according to the stock market's most basic truism, the time to buy is near the bottom. When things are at their blackest, sellers have been flushed out of the market and forward-looking investors start to anticipate a recovery.

This dictum should, in theory, have particular force for investors in smaller companies. The lack of liquidity in the market means that as buyers put their heads above the parapet, nervous traders who have marked down share prices will rapidly move them into line. When the rally starts it should be dramatic.

Variations on this theme are starting to circulate in the market. The smaller-companies team at BZW, which correctly predicted under-performance by smaller companies at the start of the year, believes that the market will hit rock bottom by the end of the first quarter of 1990, assuming that the UK economy manages a "soft landing."

"Sentiment recovery will then be led by the quality company stocks, followed by recovery situations and possibly increased takeover activity providing additional impetus later in the year," the team says. "Therefore we would be looking for some slight outperformance for smaller companies towards the end of the year, with the sector as a whole moving back into more appreciable favour in 1991."

Peter Hewitt of Ivory & Sime is even more upbeat. He believes that the USM companies, excluding property companies, are, on average, cheaper than the main market. That belies their traditional earnings outperformance and is most unlikely to continue, he thinks. The tide could turn sharply in the next three to six months.

But has the bottom of the cycle really been reached, or is the worst yet to come? The bulls' case depends on a recovery of the UK economy as a whole, which most think would depend on the Government orchestrating a pre-election boom.

However, if the current slowdown turns into a fully-fledged recession, smaller companies could yet again do worse than their larger counterparts since they tend to be more highly geared and more exposed to the UK economy.

Also, the market sentiment towards smaller companies may take time to recover. Once bitten, investors in small companies may become painfully shy.

* * *

One company that should have little trouble in shrugging off the USM blues is Storm Group, a cartoon company which celebrated its market debut this week with a leap in its share price from 25p to 38p. But even those who were not lucky enough to get shares in the £12.5m placing may take an interest in the company. Storm brought with it a motley array of cartoon characters such as "PC Boot," "Trampy," and "Digswell and Daisy."

Of these, PC Boot *et al* — collectively known as "the Shoe People" — have already made the big time. Working on the principle that shoes reflect the wearer's personality, the Shoe People is a TV cartoon series about the adventures of some discarded shoes in an old shoemender's shop.

The series, which is shown in the UK on Saturday mornings, has been sold in 26 coun*tries and is scheduled for US*, Soviet and European television next year. In addition there are Shoe People books, Shoe People chocolate bars, Shoe People footwear, a Shoe People road safety campaign, and even a proposed Shoe People touring theatre and theme park.

Waiting in the wings, meanwhile, are Digswell and Daisy, who will appear in a cartoon to be marketed early next year. This features a young American girl and a puppy which digs magical holes that take the pair into other worlds. Other cartoons properties include "Harry's Newt," "The Swiney" and "Inspector Spectre."

Storm is inevitably compared with Sleepy Kids and Poddington — a saga about Hap-pea, Grump-pea and other peas — which joined the Third Market earlier this year. Both companies were well received: the share prices of Sleepy Kids and Poddington, which were both placed at 20p, have risen to 23p and 61p respectively, having touched the heights of 36p and £1.05p in September.

Storm is probably a rather less risky company than the others, given its greater maturity and larger number of products. But its record is a rather chequered affair, having chalked up considerable losses in the last few years. It is now pitching for profits of at least £400,000 in 1990 which puts it on a *lofty price/earnings multiple* of 40 times. Given the current gloom in the market, its successful launch is a dramatic way to buck the trend.

Vanessa Houlder

Broking commissions: good news — and bad

IF YOU USE a stockbroker, keep a careful eye on what happens to the commissions you pay from the beginning of next year. Share dealing costs are set to fall as a result of legislation from Brussels, but some investors will save more than others.

European law makes stockbrokers' commissions free from Value Added Tax. Investors in other European Community countries have benefited from this for some time, and are now belatedly being joined by those in the UK. That means the 15 per cent added to com*missions will disappear* overnight.

However, at the same time, many stockbrokers are likely to put up their commissions — though not by as much as the 15 per cent which has been saved on the tax. It is this increase in commissions that shareholders should watch carefully.

The reason for the increase is linked to the abolition of the VAT. It works like this: stockbrokers pay 15 per cent VAT on goods they buy for their businesses, such as computers, stationery and so on. They can recoup this at present by setting it against the VAT they receive on their commissions.

However, from January, brokers will no longer be able to charge the tax. As a result, *they will not be able* to recover the VAT they have paid out, which then becomes an additional cost on their businesses. Most will put up commission rates to compensate for this.

The vital question is: by how much.

A rough-and-ready guide is that commissions should increase by around 5 per cent. The following example illustrates why. Imagine a broker has costs of £30,000, and that he pays VAT on £10,000 of these (most of his costs — such as salaries — do not attract VAT). This means he is left paying VAT of £1,500 which he can no longer claim back.

This £1,500 represents an extra 5 per cent on his total costs. So, to maintain the status quo, he needs to pass this *on to his clients*. These figures are a rough guide only. Some brokers pay VAT on more than a third of their costs, others less. This proportion will determine how much brokers would need to raise commissions.

Allied Provincial, the chain of regional stockbrokers, is one of the first to announce its new commission rates to take account of the abolition of VAT. From January 1, its minimum commission will rise from £25 to £28.50 — an increase of 14 per cent.

It says this is due partly to the VAT position and partly to its decision to increase commissions to take account of rising costs. However, it still believes it offers "very good value for money". Allied Provincial's commissions cover a full research and advisory service, rather than just the execution of a deal. On top of the minimum commission, Allied Provincial applies a £1.40 "bargain charge" — a surcharge which it says covers the costs of extra regulation resulting from the Financial Services *Act. So small transactions (for* amounts up to £1,500) will cost £29.90, compared with the current (post-VAT) cost of £30.36.

There is a further complication. Broking costs will be VAT-free from next month but other fees paid to stockbrokers — for example, for portfolio management or investment advice — will continue to attract tax, so the way in which a particular broker charges for services will affect the tax position.

A person who is paying advisory fees and getting his stock broking free will pay 15 per cent tax, while the same service charged for through commissions, with the advice given "free," will attract no VAT.

John Shelley, senior VAT consultant at Spicer & Oppen*heim, says this means that* commission increases will generally be in the range of 3 to 8 per cent, but that "it is difficult to generalise."

The rules must be: watch out for commission increases, question any that seem excessive, and talk to your broker about whether the charging structure applied is the most tax-efficient.

A further consideration is that the fees charged by unit trust managers will also become VAT-exempt from the start of the year, which will increase the attractiveness of unit trust investment.

Richard Waters

FINANCE & THE FAMILY

STOCK MARKET analysts are divided, broadly speaking, into two camps – the fundamentalists and the technical analysts, also known as chartists.

Fundamentalists, as the name suggests, believe that the most important factors determining a company's share value are economic fundamentals: its sales, the quality of its products, its assets, its management style and so on.

They would seem to have reason on their side, but the stock market can be an unreasonable place, and when it has one of its wild mood swings the fundamentalists can be wiped out just like anybody else. It is not much comfort to know that the company in which you have invested has an innovative product line, good industrial relations, undervalued assets and a strong management team if its shares are crashing through the floor.

At such times chartism comes into its own. The chart-followers are essentially pragmatic: their attitude is that it pays to be right, whatever the reasons. Their basic claim is that, by studying the past performance of a share, they can predict its likely future behaviour. This applies not only to shares but to commodities, options, futures, currencies and almost anything that is traded on a regular basis.

Some of the more significant patterns that the technical analysts recognise have special names, such as "head and shoulders," "flag," "pennant," and "golden cross," derived from their appearance on the charts. The most significant are the patterns warning of a probable change in the underlying market trend – and which are known as buy and sell signals for obvious reasons. There are dozens of highly-paid dealers in the City of London whose sole function is to pore over their charts in an attempt to spot such signals ahead of the crowd.

Until recently, they have drawn their graphs on long rolls of paper but, increasingly these days, they are turning to the computer for assistance. As a private investor, there is no need for you to be shy of using these high-tech methods. Three British software companies –

Computers are taking the place of paper and pencils on analysts' desks. **Richard Forsyth** reports

Bulls and Bears and floppy disks

Indexia Research, Meridian Software and Synergy Software – are finding the market for technical analysis programs remarkably buoyant, and most of their systems go to private individuals using inexpensive personal computers.

To find out how such systems perform in practice, I spoke to a customer from each of the companies named above and asked them how they managed.

■ **Meridian: Chart Analyst**

Meridian's Chart Analyst package is the simplest (and cheapest) of the three. It has a clearly-written manual and for beginners in the technical analysis field is probably the most suitable purchase. Although lacking some of the more advanced features of its two competitors, it allows you to maintain and display daily or weekly price data for any number of shares or other instruments.

The information can be plotted in many ways and the package allows you to superimpose trend lines on the basic price data. You can also plot the more widely-used technical indicators on the same graph.

The user I spoke to is a retired partner in a well-known accounting and consultancy firm who is the trustee of about a dozen settlements. He runs Chart Analyst on an Amstrad 1640 with hard disc and uses it not so much to make forecasts as to take a longer-term view of the past. So he does not get carried away by the short-term fluctuations, but uses the system to draw graphs showing current trends in the context of over five years of price movements.

As a relatively inactive trader, he finds the system quite sufficient for his needs and feels that it will be a while before he has investigated all its features. In his view, the main value of the system is that it compensates for the kind of personal advice that brokers just don't seem to have time to give to their smaller clients in these post-Big Bang days.

■ **Indexia Research: Indexia II Professional**

Indexia's offering is more expensive, but it has more facilities. The user I talked to, Logie Cassells, is the only full-time professional of the three 'guinea pigs.' He is an investment manager at Capel-Cure Myers who gives advice on market conditions to a number of different fund managers within that company.

He runs Indexia Professional II on a Compaq 286 machine and spends two or three hours a day using the system. He sees technical analysis as only part of an overall view regarding the state of the markets, but an important part. Indeed, during September and early October the system was so accurate in forecasting a downturn that it has helped to raise the status of technical analysis within his firm.

"They didn't believe me at the very start, but they certainly believed me half-way through," he said. The most useful feature of Indexia II Professional, according to Cassells, is its speed. In the old days, a chartist would be hard-pressed to keep a dozen charts up to date; now he or she can monitor the state of hundreds of shares, as well as currencies and commodities.

The program can run through a range of shares each morning, looking for specific conditions and alerting the analyst when they occur. It is capable of on-line updating, via teletext or Prestel.

Cassells makes extensive use of the system's many technical indicators and filters – one of which, the proprietary "market tracker," gave early warning of an approaching downturn in UK equities at the start of September.

■ **Synergy: Technical Analyst**

Synergy sells several related software products, of which the most interesting is Technical Analyst with its "market scanner" module.

This goes beyond mere simulation – at high speed – of what used to be done with pencil and paper. It allows the user to test complete buying and selling strategies against many years of historical data without risking a penny.

The user I spoke to, Frank Butters, is a private investor who finds Technical Analyst invaluable. It helped him to spot the upturn in UK equities at the start of 1989 and warned of "something nasty coming" later in the year. As a result, he had time to disperse many of his investments abroad and is now over 50 per cent liquid, compared with about 15 per cent in February. In October, it enabled him to identify an in-and-out position in the traded options market which yielded 76 per cent gross profit over three weeks.

He is also very happy with Synergy's back-up service: "As a non-computer expert I've wasted hours of their time getting helpful answers."

Market trading is a risky business, so the programs described above should not be seen as routes to easy money. Nevertheless, serious investors who are adventurous enough to take control of their own investments can be assured of two things: first, some excellent software is available which gets more sophisticated each year; second, the performance of the large institutions is not as impressive as it might seem.

Perhaps, after all, it is the institutional fund managers, burdened by heavy overheads and encumbered by bureaucratic decision-making, that constitute the endangered species.

■ Meridian Software: 01-850 7057; Chart Analyst, £70, Stock Market 2, £50. Indexia Research: 0932-220349; Indexia II, £1,035. Synergy Software: 0582-424282; Technical Analyst and Market Scanner, £1,240.

David Barchard on credit card fees

Lloyds takes plunge

FOR MORE THAN a year, the big UK credit card issuers have been talking about introducing annual charges. Now one of them – Lloyds Bank – has taken the plunge ahead of the rest of the pack.

If you hold a Lloyds Bank Access card, you should receive a letter in the next week or two informing you that a £12 annual charge will be introduced from February 1 and that, if you wish, you may close your account.

For those who do not close their accounts, there is the prospect of borrowing at a cheaper rate. Lloyds Access customers will pay 1.9 per cent a month (APR 25.3) compared to the current interest rate of 2.2 a month (APR 29.8). Even when the £12 fee is added in, the total rate will be 26.8 APR on a borrowing of £1,000, or about 3 per cent below the prevailing level.

Lloyds is introducing charges because of the general market squeeze on credit card business at the moment. Interest rates are high and with more card issuers in the market than ever before, competition is intense.

Consumers are getting cannier than ever, and at least two cardholders out of every five repay their bill in full each month and so get the credit card service for free – in effect the service is paid for by other customers who borrow money on their cards and pay interest.

In the first half of this year, Barclay's profits from its credit card operations tumbled by more than half. The other big card issuers are under similar pressure. For them, the introduction of an annual fee looks entirely natural, not least since the UK is almost the only country where credit cards come free.

However, the banks also know that the introduction of credit card charges is likely to lead many people to close their credit card accounts, especially if they have more than one card. Lloyds' rivals hope that this fate will befall it early in 1990, though Lloyds itself claims to be unconcerned.

Customers who pay up in full may migrate to a rival card, but these are the customers who cost the card issuers money anyway. Lloyds claims that customers who do not pay up in full would not be acting in their own best interest if they moved to a card which charged a higher rate.

If these calculations turn out to be wrong, Lloyds may find itself losing good customers to its rivals. Because of this, the other large banks are dragging their feet in introducing charges.

Some senior executives in the credit card business hope that the other banks may be able to defer the introduction of credit card charges until 1991. But most credit card producers believe that charges are inevitable and that the pressures on the banks to bring them in are getting stronger rather than weaker as time passes.

So, if you are one of the virtuous minority who pay up in full and you object to the idea of paying £12 a year for your card, you need to look out for a card issuer who will not introduce a fee too soon.

'Customers are getting cannier than ever — two out of five pay in full'

There is no point in moving from Lloyds to Midland or Barclays in January if you are going to be facing an annual charge from them in a few months' time – although for the moment they prefer to stay tight-lipped about their intentions.

If there is not a mass exodus from Lloyds Access, then the other large issuers will probably bring in charges quite swiftly. For those Lloyds Access customers who do use credit cards to borrow money and so pay interest charges, you will obviously not want to move to the other Access banks or to Barclaycard, where rates are higher than at Lloyds.

But there are other alternatives. Several card issuers – notably Save & Prosper, Chase Manhattan, National & Provincial Building Society, and Town & Country Building Society – charge very much lower interest rates than the Access Banks or Barclaycard. A Lloyds Access customer who wants to save money could ask to close his Access account and have his outstandings transferred to one of these cut-price credit cards.

This is not a new option. The lower-priced cards have been around for some time, and trying to woo customers from Barclaycard and Visa.

Borrowers can save quite a bit of money by using them. National & Provincial, for example, charges interest at 22.8 APR, and Town & Country Building Society's rate is even lower, 19.5 per cent.

Several of the smaller credit card issuers offer to have balances transferred from another account. However, card holders report that in practice the transfer takes time.

Two other questions may then come to mind: will the lower-priced credit cards stay that way for ever? and will they take you as a customer?

The answer to the first question has to be "Not necessarily." Some of the cheaper cards show a clear tendency to get more expensive once they become established.

Nor do card issuers accept all applicants. If you do not have a good income and own your own home, you may find your application being rejected. Both Save & Prosper and Chase Manhattan are looking for home owners with high incomes.

Kevin Wilford, director of Consumer Credit at National & Provincial, says that N&P does not require credit card customers to be home-owners or to be members of the society. "We plan to stay at a low interest rate," he says. "We take a long-term view of our relationship with our customers."

Meanwhile, Sir Gordon Borrie, director-general of Fair Trading, has fired a warning shot across the bows of Lloyds Access by saying that the bank should be seeking the explicit written consent of its customers to the variation of the terms on which they hold the card and introduction of a charge.

Lloyds denies that it is engaged in inertia selling. "We have taken Counsel's opinion on this matter," said a spokesman for the bank this week.

Lloyds says that in April, dormant Access accounts, through which no transactions are being passed, will be weeded out and closed, and the £12 refunded.

Meanwhile Lloyds must be keeping its fingers crossed as 1990 approaches, while the rest of the industry watches to see how many customers vote with their feet.

Eric Short on guaranteed equity investment

One for the cautious

AN EQUITY investment that guarantees a minimum return of 3.25 per cent a year over the next three years – regardless of what happens to the UK stock market – must have a certain appeal, particularly for the more cautious investor.

Legal & General was a pioneer in the field of guaranteed equity investment. It launched its Guaranteed Equity Fund Mark I (GEF I) at the beginning of this year to restore investors' confidence in equity investment, and has just unveiled its third Guaranteed Equity Fund (GEF III).

GEF I guaranteed an upside of only 95 per cent of the rise in the FT-SE 100 index over one year. The downside was a return of the initial bid value of the units, which for many investors meant 95 per cent of their original investment.

GEF III consists of a single lump sum invested for a three-year period. The guaranteed return after three years, based on the amount invested after deduction of the initial charge, is either a 16 per cent increase in the original capital sum or the percentage increase shown by the FT-SE 100 index during the three-year period, whichever is the larger.

To show how GEF III works, consider an investment of £10,000 with an initial 5 per cent charge and the FT-SE 100 starting at 2,200.

If at the end of three years the value of the index is less than 2,552 (2,200 plus 16 per cent), the 16 per cent guaranteed minimum rise will apply and the investor would receive £11,020 (£9,500 plus 16 per cent). This return is, of course, a lot lower than you would earn from a deposit account or cash fund.

If the index is higher than 2,552 at the end of three years, however, the investor gets the full increase for the £9,500, in which case, the investor may do far better than he would by leaving his money in a cash fund.

However, while he has received the full benefit of the rise in equity prices, he has foregone the dividend growth on the index – the current yield of the FT-SE 100 is around 4.5 per cent.

It should be remembered these returns are only available at the end of three years. Guaranteed encashment terms are only available at the end of the first and second year. If encashment occurs at any other time, investors have to accept the actuary's valuation.

Since the underlying investments are based on a complex arrangement of derivative instruments – such as options, rather than direct share holdings – and are matched to the three-year investment period, there is a stiff penalty for early exit even when the guaranteed terms apply.

This penalty applies not only to voluntary encashment by the investor but also on death – a nasty defect in GEF III for individual investors.

Guaranteed equity investment might appeal to investors who:

■ Want the long-term higher returns from equities but who have not recovered their nerve after October 1987.

■ Like equity investment, but are nearing retirement and want to retain as much of the rewards of equity investment as possible without running any of the risks.

The investment period for GEF III starts on January 12, 1990, but L&G is accepting investment now and plans to take up to £10m on the existing terms.

New service from Abbey

ABBEY NATIONAL has launched a new dealing service in its shares to replace the special flotation service which closed on November 30. The service can be contacted on 021 233-9620.

For shares bought and sold by telephone there is a flat fee of £24 for the first £1,400, followed by 1.5 per cent for the next £1,100; 1.25 per cent for the next £2,500; and 0.15 per cent for amounts over £5,000. For postal sales the flat charge is £17.50; and then 0.75 per cent for amounts up to £2,333; for between £2,334 to £5,000, the commission is 0.15 per cent. Telephone orders can be taken seven days a week.

Recorded information about the latest price for the shares on the stock market can be obtained from 0898-222333.

David Barchard

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	5.00	5.10	4.08	monthly	1	-	0-7
High interest cheque	7.00	7.20	5.76	monthly	1	500-4,999	0
High interest cheque	9.00	9.40	7.52	monthly	1	5,000-9,999	0
High interest cheque	9.20	9.60	7.68	monthly	1	10,000-49,999	0
High interest cheque	9.50	9.90	7.92	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.50	6.61	5.29	half-yearly	1	1-250,000	0
High interest access	8.50	8.50	6.80	yearly	1	500	0
High interest access	9.00	9.00	7.20	yearly	1	2,000	0
High interest access	9.50	9.50	7.60	yearly	1	5,000	0
High interest access	9.75	9.75	7.80	yearly	1	10,000	0
90-day	9.75	9.99	7.99	half yearly	1	500-9,999	90
90-day	10.25	10.51	8.40	half yearly	1	10,000-24,999	90
90-day	10.75	11.04	8.83	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	11.75	8.81	7.05	yearly	2	5-100,000	1 mth
Income bonds	11.50	9.09	7.26	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue‡	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	–	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.76	11.31	9.05	monthly	1	2,500	0
Provincial Bank	11.05	11.59	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
2pc Treasury 1991	12.89	10.57	9.31	half yearly	4	–	0
5pc Treasury 1992	12.36	10.23	8.86	half yearly	4	–	0
10.25pc Exchequer 1995	11.34	8.71	7.13	half yearly	4	–	0
3pc Treasury 1990	12.14	11.35	10.58	half yearly	4	–	0
3pc Treasury 1992	10.34	9.51	9.00	half yearly	4	–	0
Index-linked 2pc1988§	9.48	6.97	5.68	half yearly	2/4	–	0

*Lloyds Bank/Halifax 90-day: Immediate access for balances over £5,000. ◆ Special facility for extra £10,000 §Source: Phillips and Drew. ‡‡Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

FINANCE & THE FAMILY

Equality put to the test

"IF I WAS a man, or if I had been a married woman, I'd have been treated differently . . . Women with a man behind them fit into the required status."

Such was the response of one woman to a survey carried out by the Equal Opportunities Commission (EOC) to see if women were discriminated against in their dealings with financial institutions.

In spite of that woman's complaint, the EOC did not turn up a great deal of evidence that women suffer, at least overtly, from bad treatment at banks, insurance companies and so on. What they did find, though, was that indirectly women do suffer because of the factors that influence these institutions' decision-making, for example single parenthood, marital status and partners' employment status. The fact that women tend to be lower-paid also affects the way they are treated.

The Sex Discrimination Act specifically calls for equal access to financial services. It is unlawful to discriminate on the grounds of sex "by way of banking or insurance or for grants, loan, credit or finance."

The survey found that only 0.6 per cent of women claimed to have experienced any form of sex discrimination from any financial institution in the previous three years. However, the EOC notes that, grossed up, it would imply that 138,000 women might have suffered nationally.

Women, however, might also be less willing to complain about bad service, putting it down to their financial or social situation rather than discrimination. Men are more easily dissatisfied and more ready to complain.

The EOC concludes that financial institutions, particularly high street banks, should try to break down stereotypes about women customers and take into account the way women's employment status and lifestyles have changed in the last 20 years.

"It makes commercial sense for financial institutions and their counter staff to have a more accurate view of the women with whom they are dealing," it says. "We believe this is in the best interests of both the consumer and the institutions concerned."

David Lascelles

Richard Waters on discontent among financial firms

Regulators in turmoil

INVESTORS NEED protection from the unscrupulous. That principle provided the impetus for the Financial Services Act and the regulatory framework that followed.

But what happens when investment firms rise up against their regulators? This is exactly what will happen during the coming week at the Financial Intermediaries Managers and Brokers Regulatory Association (Fimbra), which regulates nearly 9,000 independent financial advisers and brokers. Consumer protection appears to be on shaky ground.

Fimbra's problems are partly of its own making. It told all its members to buy professional indemnity insurance (which provides cover against claims arising from the negligence of advisers, though not fraud), and to buy it from the same source. This way, it argued, it could keep down the cost of insurance, which would indirectly hold down costs for consumers.

Fimbra's members did not mind the idea of insurance, but they baulked at the idea of being told where to buy it. Fimbra dropped its scheme at the 11th hour, but it was too late to prevent a mutiny.

The fiasco has brought to the surface the simmering discontent of many financial firms which have resented what they believe is excessive regulation ever since the Financial Services Act came into force 20 months ago.

As a result, around 3,000 of Fimbra's members have already voted in favour of a resolution to unseat the association's chairman, Lord Elton, along with the 15 (out of 22) board members who supported the original insurance proposals.

Unless many of them change their voting intentions, or Lord Elton pulls off the not inconsiderable feat of gathering enough support to defeat the rebels, Fimbra will be thrown into a crisis after the votes are counted at its annual meeting.

This may not appear of immediate interest to the average investor. If Lord Elton goes, there will no doubt be another regulator waiting to take his place. But the story indicates a profound weakness in the way the financial world looks after itself.

Self-regulation relies on the regulated businesses having a say in the way they are run. They have probably had too much say already – at the expense of the consumer – and the Fimbra episode is evidence that they want more, not less, control.

The concern in high places about the way these self-regulating organisations (SROs) are going about their job of protecting consumers is becoming evident. An internal document written by the Securities and Investments Board (SIB), whose job it is to authorise the SROs and keep a beady eye on them, gives a hint of the feelings.

It says: "Their boards sometimes have to strike a difficult balance between investor interests and the health of the industry, and it is hardly surprising that, on occasion, SIB has felt that the balance might have been struck a better way."

The document also refers to the SROs' "continuing trade association role" and their "inevitable tendency to 'interpret the centrally-set parameters in too lax a way.'"

The SIB plans to take more direct control over investor protection by keeping a closer eye on the way the SROs are run.

All of this is making the self-regulators very uncomfortable. What with the SIB looking over its shoulders on one side and the industry it supervises demanding less regulation on the other, they look increasingly squeezed in the middle. The days of self-regulation, British-style, could be numbered.

Pop the question

IF YOUR financial adviser recommends a life assurance or pension contract, make sure you ask whether you can get that same product cheaper from another intermediary. This is especially important if your intermediary is a tied agent representing just one life company, for if the proposals put forward this week by the Securities and Investments Board come into operation you will not be told whether such opportunities exist – unless you ask.

Life companies marketing through different channels – tied agency divisions and independent financial advisers – can reflect the different marketing costs for each sales outlet in the price of the same product, either as lower premiums or higher benefits. Usually it is cheaper for them to sell through independent advisers than through tied agents: unit costs can be lower selling through a major adviser than through a small high street operation. This is known as differential pricing.

At present, if a life company does operate differential pricing, the investor who has been sold a contract is informed on the cooling-off notice that the product could be obtained cheaper elsewhere and a contract name is given. Few investors are aware of this facility as very few companies operate differential pricing at present.

SIB, in its latest Consultative Paper No 30, has proposed relaxing the rules on differential pricing so that disclosure would no longer be necessary. The arguments for this are:

■ To encourage life companies to offer differential pricing to intermediaries. Many independent advisers eligible to receive higher commission want to rebate part of their commission payments in the form of higher benefits or lower premiums to their clients. The current rules hinder this.

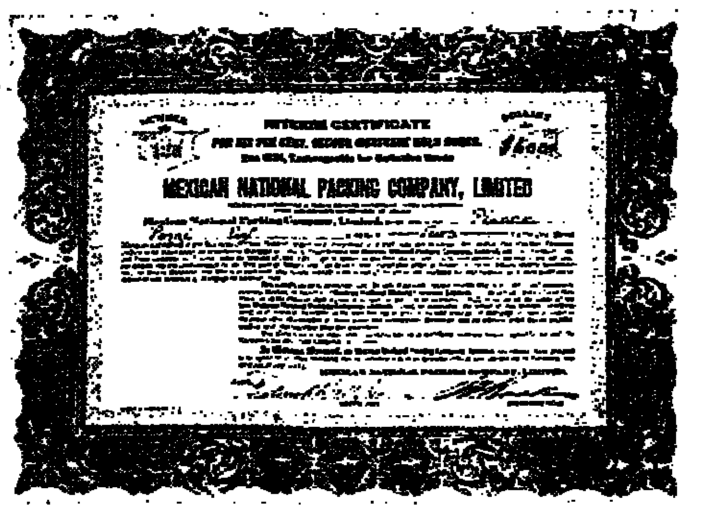
■ When life companies start to provide investors with the full disclosure of expenses on a contract in the form of a percentage reduction in the yield, it will be easier for investors to identify differential pricing opportunities by looking at the expense deduction.

SIB's proposal could save the investor money; however, it still persists in the view that investors have the time, the ability and the will to shop around for their life assurance and pension products.

The proposed rule change is subject to consultation. Any changes would apply from next July. Views should reach SIB by January 25 1990.

Eric Short

Those bonds may not be junk



THOUSANDS of investors in overseas bonds could strike lucky soon: they are entitled to either a cash windfall or a collector's item, but may not be aware of this.

John Richards, a partner with Touche Ross, who was appointed liquidator to the Corporation of Foreign Bondholders (CFB) recently following the decision to wind-up its activities, is appealing to thousands of investors who have disappeared without trace so they can receive the payments to which they are entitled.

The CFB was founded back in 1868 and served two main purposes: it distributed interest to bondholders on behalf of the issuing overseas governments and states, and – more important – it acted as a watchdog, looking after bondholders' (chiefly private investors') interests, such as chasing issuers for payments.

Its role diminished, however, as governments and organisations shifted to raising their money from institutions rather than by issuing bonds to private individuals, and it gradually wound down its operations. John Richards is keen to hear from the following people:

■ Those who are owed interest on their bonds and who cannot be traced. "If they cannot be tracked down, the interest has to be paid back to the government concerned," Richards says. He has about £130,000 to distribute in interest payments to claimants.

■ Those who lodged their bonds with the CFB in the hope that it would help to squeeze repayments out of the issuers. The corporation is holding on to about 4,500 bonds, mainly those issued by Mississippi and Mexico. In the past, investors have lodged their bonds with the corporation in return for receipts, or certificates of deposit, hoping that the corporation would help to get their money back for them.

Richards stresses, however, that while these bonds are very unlikely to be redeemed (in the case of Mississippi, the governor of the state made it clear that the debts would not be met), some of them are attractive collectors' items. He hopes that anyone holding onto a certificate of deposit from the CFB will now reclaim their bond – if only as a wall decoration.

These bonds have an estimated value of £300,000, and those which are not claimed will be sold at auction next year. Richards believes this could be the largest collection of bonds to come on the collectors' market.

So, if you think that you (or one of your elderly relatives) may have a certificate of deposit or a bond tucked away in a safe deposit box, dig it out and send your claim to: John Richards, Liquidator, Corporation of Foreign Bondholders, Touche Ross & Co, 55-57 High Holborn, London WC1V 6DX. The deadline is January 15 1990.

Sara Webb

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in pence unless otherwise indicated				
Bardsey	59	59	59½	13.47	Beckenham Grp.
Coates Bros.‡	470*	486	477	201.55	Orkem
Dixons Grp.	120*	139	108	460.50	Kingfisher
Gees (J.)	100*	100	93	6.75	Wace Grp.
Hestair	282*§	302	225	165.3	Adia
Higgs & Hill	407	431	302	157.8	Lovell (Y.J.)
Highland Ppmts.	200*	195	155	72.60	Cornwall Tst.
Jaguar	850*	839	747	1.6bn	Ford
Leisure Inv.	37½	27	37	5.71	Transwood Earl
Monotype	150*	155	110	32.0	Pointpiks
Morgan Grenfell	550*	538	475	950.00	Deutsche Bank
Pearl Group§	690*§	687	552	1.24bn	AMP
Rothmans Intl.	590⊕§	680	638	1.2bn	Richemont
Royal Sovereign	225§	214	155	12.27	Emess
Scandinavian Bk.	225*§	218	133	173.00	Scand'vian Inv.
TDS Circuits	10*	25	20	0.90	Telecomp
Tranwrap	63½	58	58	8.57	[illegible]
UK Paper	330*	332	295	268.1	Metsa-Serla
Wade Potteries	180§	155	123	18.41	Beauford

*All cash offer. ††Cash alternative. ‡Partial bid. §For capital not already held. ¶Unconditional. **Based on 2.30pm prices 8/12/89. †At suspension. §§Shares and cash. ⊕In unlisted loan notes, maturing in 1994, in Rothmans Tobacco (Holdings).

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Airtours	Monday	1.35	4.9	1.5
Archimedes Investment Trust	Tuesday	5.8	8.75	6.25
Associated Paper Industries	Thursday	2.75	6.05	2.75
Baggeridge Brick	Wednesday	0.625	1.875	0.75
Blick	Tuesday	2.0	3.6	2.4
Borthwicks	Thursday	0.5	0.5	0.5
Carlton Communications	Monday	2.45	5.05	3.08
Chemring Group	Wednesday	7.5	14.0	8.25
City Site Estates	Thursday	0.67	0.67	0.8
Colonnade Development Capital	Wednesday	-	1.2	-
Compass Group	Thursday	-	-	3.0
Devenish JA	Tuesday	0.75	2.8	0.95
Edencorp Leisure	Monday	-	-	-
English China Clays	Monday	5.8	11.7	6.6
Eurocopy	Monday	-	0.6	0.9
Grainger Trust	Friday	0.9375	3.2625	1.2
Granada Group	Tuesday	4.0	7.2	4.4
Guinness Mahon Holdings	Friday	-	1.2	0.8
Hambros Advanced Tech. Tst.	Thursday	-	-	-
Hardys & Hanson	Monday	7.2	16.3	9.4
Holmes & Marchant	Monday	2.45	3.55	3.0
Hoskyns Group	Thursday	0.9	2.0	1.3
Johnson & Firth Brown	Thursday	0.6	1.4	0.8
Lee Arthur & Sons	Thursday	1.25	3.0	1.55
McCarthy & Stone	Friday	1.14	4.0	1.31
Mining & Allied Supplies	Tuesday	-	-	-
Polar Electronics	Tuesday	-	-	-
Richards	Tuesday	0.9	2.6	1.0
Shaftesbury	Tuesday	-	1.0	-
Shoprite Group	Thursday	-	2.25	-
Speyhawk	*Thursday*	*3.0*	9.5	3.5
Stakis	Wednesday	0.62	1.33	0.71
Strata Investments	Friday	-	0.7	-
TMD Advertising Holdings	Tuesday	-	3.0	1.5
Thornton GW Holdings	Wednesday	1.75	2.5	2.0
Titon Holdings	Tuesday	0.65	1.75	0.94
UK Land	Thursday	-	11.0	-
Vaux Group	Tuesday	2.16	10.93	2.59
Ventures Plant Group	Monday	-	-	1.25
Watson & Philip	Thursday	2.65	6.75	2.85
Wolverhampton & Dudley Brews.	Monday	2.15	4.85	3.2
INTERIM DIVIDENDS				
Asda Group	Friday	1.85	2.95	-
Authority Investments	Wednesday	3.25	4.25	-
Berkeley Group	Monday	1.5	3.0	-
Booth Industries	Friday	0.6	1.6	-
Brasway	Friday	0.225	0.538	-
Bristol Evening Post	Friday	3.5	7.0	-
British Building & Eng. Appl.	Friday	2.0	2.0	-
Brown & Tawse Group	Thursday	2.85	6.65	-
BSS Group	Tuesday	5.0	10.0	-
Bulmer HP Holdings	Wednesday	2.695	4.26	-
Charter Consolidated	Wednesday	4.75	12.5	-
CH Industrials	Friday	1.05	3.825	-
Compco Holdings	Friday	-	10.8	-
Creighton Naturally	Tuesday	1.6	4.0	-
Danae Investment Trust	Thursday	3.0	4.12½	-
Dowty Group	Tuesday	3.2	4.8	-
ERF Holdings	Wednesday	4.0	11.0	-
Eve Group	Thursday	2.0	5.0	-
Fine Art Developments	Thursday	2.0	5.75	-
Firth GM Holdings	Thursday	2.25	2.75	-
Fuller Smith & Turner	Wednesday	1.55	2.9	-
Gold Greenless Trott	Thursday	3.0	4.5	-
Halma	Tuesday	0.544	0.673	-
Harland Simon Group	Tuesday	1.0	3.0	-
Harris Philip Holdings	Monday	2.0	3.5	-
Hoskins Brewery	Tuesday	-	-	-
Hunter Saphir	Thursday	1.35	3.7	-
JLI Group	Monday	0.235	0.465	-
Learmonth & Burchett Man. Sys.	Monday	0.6	1.4	-
Lees John J	Friday	0.75	1.25	-
London Merchant Securities	Thursday	0.8	2.4	-
London Securities	Wednesday	-	1.0	-
Lovell GF	Wednesday	-	2.8	-
Marling Industries	Monday	1.2	2.6	-
Melville Street Investments	Tuesday	0.5	2.5	-
M&G Second Dual Trust	Wednesday	9.64	9.15	-
Microlec Group	Friday	1.0	2.3	-
Moorgate Investment Trust	Wednesday	2.4	5.8	-
NMC Group	Wednesday	1.0	2.3	-
Oceonics Group	Thursday	-	-	-
Priest Benjamin Group	Wednesday	0.3	0.6	-
Racal Electronics	Tuesday	1.465	4.55	-
Racal Telecom	Tuesday	-	0.7	-
Russell (Alexander)	Thursday	0.54	1.5	-
Scottish & Newcastle Brews.	Monday	3.1	7.73	-
Smith New Court	Thursday	1.5	-	-
Stewart & Wight	Wednesday	-	75.0	-
TGI	Friday	2.0	4.0	-
Tinsley Eliza Group	Thursday	1.8	3.0	-
Triplex Lloyd	Tuesday	1.75	4.0	-
TR Technology	Friday	-	1.50	-
Turnbull Scott	Tuesday	2.16	3.85	-
Waterglade Int'l. Holdings	Monday	1.75	2.75	-
Wellman	Friday	-	1.0	-
Whitecroft	Monday	4.1	9.7	-
Yellowhammer	Thursday	1.0	2.3	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.½ 2nd interim dividend.

THE WEEK AHEAD

Granada likely to show slowdown

AFTER a year of heavy investment in its "cash cow" rental business, Granada, the television and leisure company, which reports on Tuesday, is expected to show slower profit growth than in the past few years. Forecasts for the year to September 30 range from £160m to £166m, compared with last year's £143m.

Last time, the rental and retail division contributed half the operating profit. But problems on the retail side, which have led to recent business sales, have coincided with big spending on televisions and video recorders. No surprises are expected from the television wing, although news on advertising revenue will be keenly listened to. Leisure is expected to have created corporate joy, especially via motorway services.

English China Clays, the industrial minerals and construction group, announces its final results on Monday with analysts expecting pre-tax profits to be only marginally ahead at £148m, compared with £145.4m last time. However, earnings per share will be flat or slightly down because of an increased tax charge.

Continuing spectacular growth at Racal Telecom, the *mobile communications group*, is expected to underpin a rise in Racal Electronics' interim pre-tax profits to about £80m from £62m. The performance of other Racal Electronics businesses is expected to be somewhat mediocre. Forecasts for Racal Telecom range from between £56m to £62m in pre-tax profits. The accelerating *growth in the number of new* subscribers to the Vodafone network is the main reason for the profits improvement.

Scottish and Newcastle, one of the UK's six biggest brewing companies, is expected to show an 18 per cent increase in pre-tax profit to about £85m for the six months to October 30, when it reports on Monday. It will be helped by the start of contributions from the Center Parcs country leisure complexes, while the recently-sold Thistle hotel chain will probably be in for the full period.

The property market may be slowing now but there has certainly been enough growth to permit Speyhawk, the development group, to boost pre-tax profits to around £23m from £17.3m last time. Speyhawk, which has been out of favour on the stock market since October 1987, has been laying great stress on its growing asset base and it would not be surprising if it announced net assets worth more than 530p a share, against a current market value of around 300p.

The reconstruction of Charter Consolidated by its major shareholder, Minorco, continued apace this past week. Two senior executives are leaving Charter to take up key management posts at Johnson Matthey, the precious metals group which accounts for about one third of Charter's profits. Charter is also getting a new chief executive after a year without one. Thus the half-year financial results will be of less interest than the comments from the new chief executive, Jeff Herbert, about his intentions. However, some analysts are expecting Charter to show a near-25 per cent increase in taxable profits, from £32.09m to £39.5m, and for the interim dividend to rise from 4.75p a share to 6p.

Asda Group, the food retailer, has brought forward its interim figures to Friday and warned this week that profits in the 28 weeks to November 11 would be down by about 25 per cent from the £109m in the comparable period. So profits in the region of £82m will be no surprise. Asda has promised to maintain the interim dividend. It has also warned of "significantly" lower profits for the year.

When Dowty Group, the engineering and electronics business, reports on Tuesday it should provide yet another demonstration of the strength of the civil aircraft business. Although sales may have been *dented by a factory strike* they are still likely to show rapid growth, fuelled by a wealth of orders for Airbus, Boeing and Fokker. This division should be a major influence in a rise in pre-tax profits for the six months to September 30 from £32.5m to about £39m.

There will be keen City interest in Thursday's interim results from Smith New Court, the last independent jobbing firm, which lost £12.6m in the year to May. Turnover in stocks has remained low, but Smith is likely to have made money by taking positions in a generally rising market.

Analysts admit they are shooting in the dark, but their uncertain consensus is for pre-tax profits of around £2m to £3m. They are even less sure about whether Smith will return to paying a dividend, having passed for the first time in May.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Albion	Sept	951	(764)	15.4	(12.1)	3.1	(2.4)
Archer AJ Hldgs.	Sept	6,340	(6,120)	17.1	(15.6)	8.0	(4.25)
Avon Rubber	Sept	12,180	(16,270)	41.0	(65.4)	16.5	(14.0)
Bailey CH	*Mar*	*120*	*(1,550)*	*0.27*	*(2.59)*	-	(-)
Carr's Milling	Sept	1,070	(1,880)	11.1	(20.8)	7.5	(7.5)
Cronite Group	Sept	2,300	(1,870)	11.2	(10.7)	4.0	(3.5)
Crystalate Hldgs	Sept	2,910	(5,660)	7.15	(13.7)	6.1	(6.0)
Dobson Park Inds	Sept	19,200	(17,700)	12.1	(11.5)	5.75	(5.5)
Eldridge Pope	Sept	3,060	(3,500)	11.3	(11.9)	4.1	(3.6)
Euromoney Pub.	Sept	7,450	(6,650)	24.0	(21.4)	16.0	(14.0)
Gaynor Group	Aug	123	(881)	1.5	(8.6)	1.2	(3.0)
GrandMet.	Sept	732,000	(575,000)	55.6	(46.9)	17.75	(15.0)
GWR	Sept	1,660	(1,430)	38.0	(31.1)	12.0	(-)
Hardanger Props.	Sept	8,370	(7,050)	85.8	(66.6)	28.12	(22.5)
Lovell YJ Hldgs.	Sept	33,370	(24,430)	38.5	(28.0)	8.75	(8.2)
M&G Group	Sept	30,100	(23,000)	26.7	(20.1)	12.5	(8.5)
Saatchi Saatchi	Sept	61,300	(116,400)	23.1	(44.5)	9.0	(16.0)
Stainless Metal.	Aug	908	(37 L)	10.6	(-)	4.0#	(2.0)
Trafalgar House	Sept	270,400	(229,100)	42.8	(36.6)	17.6	(16.0)
Tunstall Group	Sept	3,110	(4,970)	12.8	(21.5)	4.5	(4.0)
Ulster Inv. Tst.	Sept‡	6,940	(6,035)	-	(-)	-	(-)
Utd. Scientific	Sept	3,400 L	(10,120)	-	(9.4)	2.0	(7.3)
Warringtons	Sept	2,070	(630)	6.5	(1.6)	2.0	(1.0)
Westland Group	Sept	20,700	(17,400)	10.7	(6.6)	3.5	(3.5)
Wheesoe	Sept	4,780	(3,550)	17.5	(17.5)	5.0	(4.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ACAL	Sept	1,990	(1,700)	1.56	(1.35)
Alexon Group	Sept	9,260	(5,500)	5.0	(4.0)
Allied Colloids	*Sept*	*19,200*	*(16,000)*	*0.75*	*(0.65)*
Alphameric	Sept	2,540 L	(514)	-	(1.0)
Anglo United	Sept	6,000	(2,500)	0.2	(0.2)
Asprey	Sept	12,300	(8,100)	1.1	(0.9)
Assoc. British Eng.	Sept	603	(352)	-	(-)
Atkins Bros. Hosiery	Sept	250	(390)	3.6	(3.8)
Avesco	Sept	2,326	(2,155)	0.5	(-)
BSB Design	Oct	321	(221)	-	(-)
Bogod Group	Sept	45	(90)	0.1	(0.1)
BTP	Sept	6,510	(4,610)	2.75	(2.5)
Caffyns	Sept	652	(1,500)	5.0	(5.0)
Campbell & Armstrong	Sept	1,600	(1,410)	1.65	(1.65)
Cape	Sept	8,400	(6,316)	2.5	(2.0)
Channel Express Grp.	Sept	793	(659)	1.0	(-)
Chloride Group	Sept	5,000	(7,700)	0.56	(0.56)
Clayhithe	Sept	2,070	(1,830)	1.8	(1.5)
Cont. Stationery	Sept	916	(802)	1.2	(0.9)
Control Securities	Sept	14,800	(8,500)	0.5	(0.37)
Cranswick Mill	Sept	434	(315)	1.85	(1.85)
Crosby James	Sept	2,250	(1,290)	1.25	(1.0)
DBS Management	Sept	210	(66)	-	(-)
De La Rue	Sept	9,850	(16,500)	3.25	(3.25)
Douglas Robert M	Sept	5,230	(3,720)	3.0	(2.0)
Drummond Group	Sept	608	(704)	1.0	(1.0)
Embassy Property	Sept	854	(247)	2.0	(-)
Ensor Holdings	Sept	877	(971)	1.25	(-)
Evans of Leeds	Sept	3,220	(3,030)	2.25	(2.15)
Feedback	Sept	385	(125)	0.75	(-)
FKB Group	Sept	4,230	(2,570)	2.0	(2.0)
Flagstone Holdings	July	587	(75 L)	-	(-)
General Electric Co.	Sept	357,000	(313,160)	2.55	(2.15)
Graham Wood	Sept	885	(555)	3.0	(-)
Graig Shipping	Sept	1,640	(2,080)	2.0	(1.5)
Gt. Universal Stores	Sept	168,200	(158,000)	11.0	(10.0)
Greene King & Sons	Oct	9,410	(9,130)	2.9	(2.6)
Greycoat	Sept	8,710	(10,490)	2.3	(2.0)
Hazlewood Foods	Sept	24,460	(20,130)	1.8	(1.5)
Illingworth Morris	Sept	3,340	(4,550)	-	(1.5)
In Shops	Sept	1,320	(870)	0.6	(0.5)
Jarvis Porter	Aug	873	(506)	1.4	(1.4)
Johnson Matthey	Sept	33,500	(31,500)	2.5	(2.5)
Latham James	Sept	1,580	(1,850)	4.25	(4.0)
Leopold Joseph	Sept	n/a	n/a	3.1	(3.1)
Lyons Irish Holdings	Sept‡	2,670	(2,450)	4.68	(3.8)
Macdonald Martin Dis	Sept♥	2,860	(1,720)	6.0	(6.0)
Monks & Crane	Sept	824	(1,220)	1.3	(1.3)
Monotype Corporation	Sept®	1,290 L	(908 L)	-	(1.7)
Morris Ashby	Sept	543	(550)	1.7	(1.7)
Mountview Estates	Sept	4,700	(6,420)	4.0	(2.0)
MS International	Oct	1,200	(1,850)	1.0	(0.9)
Norcros	Sept	18,320	(29,120)	5.0	(5.0)
Northamber	Oct	2,150	(2,720)	-	(-)
Northern Foods	Sept	40,300	(39,300)	5.25	(4.75)
Phoenix Timber	Sept	479	(995)	1.1	(1.1)
Pilkington	Sept	147,100	(139,000)	2.93	(2.66)
Premier Cons. Oil.	Sept	6,890†	(8,190†)	-	(-)
Reed Executive	Sept	3,910	(6,000)	0.6	(0.6)
Reliance Security	Oct	1,020	(772)	1.8	(1.5)
Ritz Design Group	Sept	743	(650)	1.33	(-)
Robertson Group	Sept	3,180	(2,570)	1.3	(1.1)
Rolfe & Nolan	Aug	517	(350)	3.2	(2.1)
Rowlinson Securities	Sept	1,200	(1,630)	24.0	(24.0)
Saltire Ins. Inv.	Sept	146	(274)	-	(-)
Salvesen Christian	Sept	32,600	(27,000)	2.5	(1.7)
Sheraton Securities	Sept	12,500	(9,140)	2.0	(1.5)
Smith James Estates	Sept	541	(315)	1.0	(-)
Smith & Nephew	Oct●	99,600	(85,000)	-	(-)
Smithkline Beecham	Sept¶	*587,300*	(524,300)	*2.0*	(-)
Sterling Publishing	Sept	929	(522)	1.5	(-)
Sutcliffe Speakman	Sept	733	(633)	-	(-)
Syltone	Sept	980	(854)	2.0	(2.0)
Tams John Group	Sept	873	(845)	1.38	(1.2)
TDS Circuits	Aug	1,080 L	(1,120 L)	-	(-)
Thwaites Daniel	Sept	2,980	(2,532)	0.4	(0.3)
Tiphook	Oct	10,100	(4,500)	2.7	(2.15)
UMECO	Sept	378	(318)	1.57	(-)
Unit Group	Sept	477	(563)	2.5	(2.5)
United Industries	Sept	1,360	(1,260)	1.2	(1.2)
Visiec	Oct	1,100	(-)	0.1	(-)
York Trust	Sept	5,180	(2,040)	1.0	(1.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ Profit figures for a 9 month period. Interim dividend for 5 months from 28 July to 31 December 1989.‡ Irish punts & pence.† Net profits.® Last years dividend for a 15 month period.♥ Dividend payment per 'A' shares.¶ Includes special payment of 3p.● 3rd quarter figures.

RIGHTS ISSUES

Jeyes Group is to raise about £7m via a one-for-three rights issue at 230p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

A $75m Malaysian Emerging Companies Fund is coming to the London stock market next week.
Courtyard Leisure is to join the Third Market via a placing of 4.08m shares.
Grosvenor Development Capital is to join the main market via a placing of ordinary shares and loan stock. 3m shares are being placed at 100p.
Image Store is to join the Third Market via a placing of 2.8m shares at 38p.
Sage Group is to join the main market via a placing of 5.73m shares.

House-trained tenants are the best…

Heather Farmbrough takes a look at making an investment in assured tenancy schemes

KEN ORR, a young businessman who moved to southern England with his job a few months ago, is exactly the sort of tenant wanted for Business Expansion Scheme (BES) properties. He is house-proud, securely employed and mobile. If you are thinking of setting up your own assured tenancy scheme under the BES during the current 1989-90 tax year, you should be going after the Kens of this world.

Even if you intend investing in a fund or prospectus issue marketed by one of the larger sponsors, it is important to choose the kind of scheme which will attract people like Ken. Now that some of the money raised last year for assured tenancies has been turned into properties inhabited by real tenants, it is easier to say which kind of schemes are likely to do well.

There are two good starting points: Johnson Fry's SCAT (Smaller Company Assured Tenancy) file, which costs £250, or the more comprehensive BES Property Starter Pack marketed by the Allenbridge Group, which costs £2,500. Both provide essential administrative and legal information, with the difference in price reflecting the extent of the work which will be done for you.

Whether you opt for the do-it-yourself route depends on how involved you wish to be with the whole process and whether you prefer to spend money on accountants' and solicitors' fees rather than on sponsors' and developers' fees; at the end of the day there may not be much difference.

Another consideration is whether you want to be involved with letting and managing the property or whether you would prefer to hand it over to professional managers.

Terry Ward-Hall, who manages the Wates building group's national residential BES property letting and management business, says that more investors are seeking professional managers for letting and management.

"We acted for more of the SCAT companies in an advisory role last year, but this year we anticipate doing the letting and management as well," he says.

Ward-Hall's fees for letting and management are usually 10 to 15 per cent of the rent from the property, depending on the amount of work involved. He will also act as an investment advisor on the purchase of properties. Again, the fee varies in the range of £450 to £1,000, but he says that the average fee is £500 to £700 for "fairly extensive involvement" and may well include handing over the house with furniture.

If you are thinking of setting up your own scheme, remember that no single shareholder in a BES company can hold more than 30 per cent of the company. Also, brothers and sisters count as separate shareholders, but parents and children do not.

Other essential points to remember are:

■ The easiest way to set up the company is to buy one 'off the shelf' through a company service agency listed in the Yellow Pages directories;

■ Appoint directors and a company secretary – but note that directors are not eligible for BES tax relief if they draw an income from the company;

■ Register with a tax office – it is best to choose one which is familiar with BES schemes, such as those in London and Cheltenham;

■ Choose the property or properties;

■ Find tenants and set up tenancy agreements.

There may be less incentive this year for following the do-it-yourself route because it is no longer possible to claim two sets of tax relief. Last year, when about £50m was invested in DIY companies, investors were able to claim tax relief on interest payments for loans taken out to fund investments in closed companies under the BES as well as income tax relief on the first year's investment. Since this year's budget, however, investors can claim only the latter.

Even if you are intending to follow the large prospectus issue route, it is worth studying some of the more successful schemes so far. One of these is a SCAT set up last year by Johnson Fry, which Ward-Hall manages.

This week I visited two of the company's properties – Berwick Court (a five-unit development a quarter of a mile from the centre of Marlow, Buckinghamshire), and Imperial Court (a larger block opposite the railway station at Henley, Oxfordshire, in which Johnson Fry own 15 units).

All Johnson Fry's SCAT money went into new properties. Owen Inskip, managing director of Johnson Fry Property, says that this was partly because the company offered a guarantee against a fall in the value of the property, and insurers like to see a National House-Building Council guarantee. This offers some protection against structural problems and is popular with insurers. Another advantage of new properties, according to Ward-Hall, is that the average tenant will take more care of a new property in good condition than an old one.

On the other hand, the advantage of buying a property which was not purpose-built is that there may be redevelopment potential at the end of the day. Apart from being a good way to make money, redevelopment is one of the few ways it is possible to get sitting tenants out – for instance, by stating that you wanted to put in a loft extension.

Another common drawback of new properties was pointed out by one of the tenants at Imperial Court: many of the fittings, particularly those in the bathroom, have been left unfinished.

The location of both properties was good. Although the Henley flats were very close to the railway line, there was no noise from trains. Both were located close to the town centre and provided plenty of parking space. The standard of furnishing was pretty good; there certainly weren't any tatty old chairs and tables. Tenants had been given the choice of five wood ranges (including teak and mahogany) for the sitting room and white-wood in the bedrooms; all furniture and equipment was new; both flats were centrally heated and fully carpeted; the kitchens were well equipped, with fridge-freezers, ovens and hobs and a washer-dryer.

If you want to charge a decent rent (those at Marlow range from £420 to £490 a month) the moral is clear: you also have to spend quite a lot on your property and its fittings.

There is additional work to be done by the landlord or by a managing agent. Wates' agents will visit a property about four times a year and make a strict inventory whenever a tenant leaves. The tenancy agreement covers the landlord against damage to property other than something loosely called "fair wear and tear". Tenants must stay a minimum of six months and after that they must give one month's notice if they wish to leave. The contract allows for an increase in rent after 12 months.

According to Ward-Hall, the secret to making money from letting property is to keep the turnaround period between completion and letting, or one tenant and another, as short as possible.

However keen you may be to fill your property, it is no good if the tenants are going to wreck it. Beware, for instance, of letting to or investing in prospectuses where there is talk of "local student demand". There are not many students I would want to let my house to.

Ward-Hall is pretty selective and turns down around 10 per cent of enquiries. He claims to be happy with 98 per cent of current tenants. Landlords should insist on checking references from bankers and employers, and it is also a good idea to get a reference from a family friend or doctor who has seen the tenant in his or her own home.

Although a number of observers do not think as much money will be raised under BES this year as last year, for investors in assured tenancy schemes this is probably the best opportunity there will ever be to buy into the property market with a 40 per cent discount in year one. If you intend to set up your own scheme, you need to start now to finish it by the end of the current tax year. If you are interested in investing in someone else's scheme, just sit back and wait for the issues to flood onto the market in February and March.

Sara Webb on environmental portfolios

How green is my fund?

IF A company has the audacity to ring up the manager of an environmental fund and demands to know why its shares are not included in its portfolio, it suggests that the green lobby is at least making some headway on the corporate front.

The fund manager in question is Jupiter Tarbutt Merlin. It has excluded a particular oil company from its portfolio for three main reasons: its South African connections, its dealings in Amazonia, and its poor environmental credentials (the group produces aldrin, a pesticide which has been banned in the UK and US).

Tessa Tennant examines the environmental track record of companies in the UK and abroad for JTM. She says that some companies sneak on to stockbrokers' "green" lists on rather tenuous grounds: in her job, she screens out companies which do the environmentally unacceptable even if they have some green credentials. For example, Laporte Industries earns brownie points as a producer of hydrogen peroxide, which is a less harmful bleach than chlorine in the paper industry. However, it blotted its copybook as far as JTM was concerned when it applied to dig up Fullers' earth (a pure and absorbent soil used, for example, in cat litter) from prime agricultural land in Surrey.

"The cat litter industry is a very lucrative one – the question is whether one should encourage this sort of gross consumerism. After all, cats can use a recycled alternative," says Tennant.

The group launched its environmental unit trust, Merlin Jupiter Ecology Fund, in April 1988. It has now launched an investment trust which it hopes will raise up to £35m from private and institutional investors. The Merlin International Green Investment Trust (MIGIT) will invest 70 per cent of the money abroad, with 30 per cent in the US, 20 per cent in Europe, and another 20 per cent in the Far East. The rest will be invested in the UK.

On the blacklist are companies which are directly involved with South Africa (so long as it pursues a policy of apartheid) armaments, nuclear power or the tobacco industry.

On the "greenlist" are companies which "demonstrate a positive commitment to long-term protection and wise use of the natural environment," such as companies connected with waste reduction and pollution control.

Derek Childs, deputy chairman of JTM management group, says: "We are not deterred by difficult areas" – such as oil, gas and mining "provided they are among the leaders in environmental protection." He screens companies on their straightforward investment merits, but Tennant may veto his share selection on the grounds that the companies are not environmentally sound.

So what kind of companies pass the test? The following are recommended in Merlin's investment newsletter for the reasons quoted:

■ Caird Group – "a specialist waste management company operating to high environmental standards."

■ Creighton Laboratories – "manufactures high quality toiletries from natural ingredients, and products are not tested on animals."

■ Tesco – "the supermarket has responded to the green consumer challenge with 'Tesco cares', an across-the-board environmental initiative which includes green screening of all products."

■ Freeman Group – "energy conservation company specialising in insulation, heating and ventilation business."

■ Baggeridge Brick Company – "the first UK brick manufacturer to instal flue gas cleaners."

■ Rotork – "safety control technology."

■ Powerscreen – "leading producer of crushing and screening equipment for the waste recycling, construction, quarrying and mining industry."

■ Celtic Trees – "producer of quality Christmas and transplanted trees."

The offer is for 7m units at 500p per unit in MIGIT. Each unit consists of five ordinary shares and one warrant. Each warrant has a ten-year life entitling the holder to subscribe to one ordinary share at 100p.

So far, institutions have applied for 4.55m units (£22.75m) in the institutional pre-placement and there is a further £12.75m worth on offer to private investors. Application forms must be received by December 14 and dealing in the units will start on December 21. JTM manages about £450m on behalf of private clients, unit trusts, investment trusts and institutional clients. Its Ecology Fund has £7.5m under management – however, it has not performed particularly well compared with other funds in the International Growth sector. According to Finstat figures it ranked 128 out of 153 funds in the sector for the year up to October 1 1989 with £1,000 increasing to £1,159 (offer to bid, net income reinvested). The sector average was £1,228.

Merlin sends out an ecology research bulletin to its unit holders every six months. Non-unit holders can request copies from: Merlin Jupiter Unit Trust Management, Knightsbridge House, 197 Knightsbridge, London SW7 1RB. Tel: 01 581-3020.

No contradiction in terms

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE ANSWER given to a letter headlined "How to cut tax liability" (Briefcase, September 9) seems at first sight to contradict "Worry over inheritance" (Briefcase, September 2).

In the former, you agree with the writer that there is a risk the Inland Revenue would not agree that his share had really passed to the children since he had made it a condition that his wife be allowed to continue to live in the house.

In the latter, the writer says that both he and his wife have requested in their respective wills that their children allow the survivor to remain in the family home. In this case, you say that the arrangement is perfectly legal, from which I take you to mean that the tax man would accept that the half-share had passed genuinely to the children.

Is the reason for the apparent contradiction because, in the first case, the transfer is conditional and, in the second, only a request?

■ You are correct in your assessment of the difference between the two situations. Also, the context suggested that the request was not made in the will itself. We recommend that any such request is made separately from the will.

REGARDING the question headlined "How to cut tax liability" (Briefcase, September 9). Can you tell me (1) the difference for inheritance tax purposes between property held in joint ownership compared with that held as tenants in common with equal shares; and (2) how the calculation was made in the answer of obtaining maximum benefit when half of £180,000 + £120,000 is more than £118,000?

■ (1) The difference lies in the ability of the joint owners to dispose of their interests. A joint tenant cannot assign, or leave by will, his or her interests in the property: it accrues to the survivor automatically. A tenant in common can give or sell his or her interest either during his (her) lifetime by will.

(2) The calculation was based on the house value alone, since the enquiry stated that the relevant gift by will was of a half-share in the house only; hence, £90,000 in value was provided and we pointed out that another £28,000 was available.

Seeking due credit

I HAVE LEARNT recently, to my detriment, that a firm has been holding data about my credit-worthiness which I did not know about. Under the Data Protection Act, what can I do about this?

■ As the firm you mention appears to be a credit reference agency as defined in the Consumer Credit Act 1974, you can serve it with formal notice under Section 158 of that Act that you require a copy of the file kept on you. You must give it all the particulars you can to help identify the file (ie, derived from how you came to know it existed) and tender a fee of £1. If the file contains wrong information, you can require it to be amended.

Awash with problems

DUE to a planning error 14 years ago, my neighbour had an extension built to our joint boundary line, with the result that the gutter which takes the main roof rainwater overhangs my property. Ten years ago, the property changed hands and has deteriorated considerably. The guttering has broken away in places, resulting in my side path being awash in heavy rain. For four years I have been pressing my neighbour to take remedial action, but he just ignores the situation. What action do I have available to me?

■ The grant of planning permission did not create any common law right for your neighbour to place his gutter over your land. If the gutter has not been in place for as long as 20 years, you could insist on its removal. However, to prevent water damage, you might wish to tell your neighbour that you will insist on removal unless he enters into a formal licence agreement with you which places on him a contractual obligation to repair and maintain the gutter.

Price of a pension

I WAS BORN in 1945 and worked in Britain from 1963 to 1970 when I emigrated to South Africa where I met my husband. I returned to the UK with him in August 1984. I restarted work in September 1986, stopping when we moved to our present address in April 1989. My husband and I are now forming a partnership for his freelance work, with myself doing the research and secretarial side of it. Our accountant has said that I can pay the minimum National Insurance contributions but, in view of the changes to be instigated from October 5, I am wondering whether this is a wise course of action.

1. If I do not pay the full contribution rate, do I have an entitlement to a pension in my own right? I assumed that when I reached 60, I would be entitled to the basic pension irrespective of whether or not I had paid anything in.

2. In view of my age (44 this year), is it worth paying class 1 contributions into the scheme for the next 16 years and, if so, what benefits do I receive when I reach the age of 60 - just the basic pension or basic pension plus additional retirement pension? How much is this likely to be?

3. If my husband should die, would I be paid a widow's benefit in view of the fact that there is a gap of 14 years when I was in South Africa, or would this depend on the type of contribution I make now?

■ Your letter indicates a pretty fundamental misapprehension of the social security system – not really surprising in view of the intricate combination of (a) contributory and non-contributory benefits, and (b) graduated and flat-rate contributions (not all of which count towards entitlement to contributory benefits).

We suggest that (subject to your accountant's guidance) you and your husband have a talk with your local DSS office. If you cannot both get there conveniently, then one of you can go – taking a letter of authority from the other (quoting his or her National Insurance number, etc) so that the DSS officer is not constrained from disclosing information about the other spouse's contribution record.

After the DSS has had an opportunity to check your respective contribution records, you might well decide not to try to escape payment of class 2 contributions. Class 1 contributions are payable only by employees: as a self-employed person, you will be liable to class 2 and 4 contributions. (Class 3 contributions are voluntary, for the non-employed or the non-resident).

Neighbour is wrong

FOR THE past 10 years, my neighbour has been cutting a strip of grass about 2ft 6ins wide that is actually on my land. He claims that, after six years' continued use, the strip is now his property under the statute of limitations.

■ Your neighbour is quite wrong. The period of limitation for adverse possession of land is 12 years, not six. Also, it is most improbable that his use of the grass strip has been sufficient to amount to adverse possession of it: merely mowing the grass is not enough. You would, however, be wise to ensure that he is kept off the strip from now on.

You can't go it alone

DOES PRESENT legislation permit an individual to set up and operate his own personal equity plan and, if so, what are the necessary formalities?

■ No, an individual cannot set up and operate a PEP since plan managers authorised by the Inland Revenue must belong to one of the regulatory organisations under the Financial Services Act.

The plan must conform to the requirements set out in the Personal Equity Plans Regulations 1986.

MINDING YOUR OWN BUSINESS

Roy Hodson tells how two tyros came through a testing time

On the right wavelength

JUST TWO years ago, two young men working in electronics looked towards the coming single European market and had a brainwave. Neither Stephen Kirk, 29, nor Brian Watson, 28, had run a business before and they didn't have any substantial capital. But they were confident they had spotted a gap in the electronics market for the 1990s and beyond.

They were right. Their company, Radio Frequency Investigation (RFI) – sited in former farm buildings in rolling countryside north of Basingstoke, Hampshire, as far away as possible from polluting industrial influences – now has as much work as it can handle and is growing rapidly.

Gresham Trust, a venture capital company, provided financial backing and believes it has put its money on a winner. Investment manager David Ascot says: "For a young business, the performance to date has far exceeded our expectations and we are delighted to be able to support the long-term growth plans of Stephen and Brian."

What Kirk and Watson realised was that a new demand was about to appear for private sector testing services. They foresaw that these would have to be highly sophisticated so that new products could be checked quickly and cheaply to ensure they met international electro-magnetic compatibility (EMC) standards.

Traditionally, EMC testing in Britain had been tied to the military market, which provided more than 70 per cent of the work. Kirk and Watson bet upon a sudden change in the balance as a flood of new products emitting radio waves (or susceptible to their influence) came onto the market. Car and mobile telephones, taxi radios and pagers were obvious examples. Others included computerised braking systems for cars, desk computers, and industrial systems managed by radio-control methods.

Until recently, only a few nations – notably, West Germany and the US – had been applying stringent regulations about EMC emissions. Since RFI went into business, however, the European Community has started taking the subject much more seriously.

Last May, the EC published Directive 89/336 which lays down standard provisions that must be implemented by January 1992. In general, apparatus must be constructed to ensure that any disturbance it generates allows other *radio* and telecommunications equipment to operate as intended. Furthermore, the apparatus must provide an adequate level of protection against outside electro-magnetic disturbances.

Tony Andrews

Ring of confidence: Stephen Kirk (left) and Brian Watson

Kirk came to the electronics industry via Alleyns School at Dulwich, south London, and an Oxford engineering science degree. Watson did a degree in physics at Portsmouth Polytechnic before working for the atomic warfare research establishment at Aldermaston and, later, on radar at Thorn EMI. They met while employed in Britain by Rohde and Schwarz, a West German manufacturer of high-quality electronic testing equipment.

Their first step was to talk to a small business specialist. He advised them to prepare a *tightly-written, five-page business* proposal which was sent to five merchant banks with a *covering letter*. Both Gresham and 3i showed interest. Meanwhile, the two were experiencing the usual difficulties of holding down full-time jobs while trying to get their own project off the ground.

Their proposals were sent out in February 1987. By August that year, Gresham had signed them up – although not before each had been put through searching technical appraisals by experts. The finance house wanted to be satisfied, first, that Kirk and Watson could handle the technical side of the proposed business and, second, that there *was* a genuine market for civilian testing.

Gresham gave Kirk and Watson the right to call down financing of up to £120,000, and took a share option to buy one-third of the company for £20,000. The partners put up £20,000 each, using parental guarantors and property to secure loans. Kirk's own clearing bank, Barclays, refused to lend him the money because the manager "didn't believe in companies funding themselves totally through loan capital." So, he went to NatWest and found a manager who would.

The Gresham loan was conditional upon Kirk and Watson being able to obtain leasing finance for £120,000-worth of the necessary electronic testing equipment. In the end, and after being checked-out thoroughly, they got five-year terms through Triton Finance of Slough, Berkshire – although they discovered along the way that leasing companies are not keen about doing business with new concerns.

On their remote site away from electrical interference, they have developed a series of outdoor testing units with ultra-sensitive aerials, and indoor testing based on purpose-built screened rooms. They have a staff of 13 with an average age in the late 20s.

Their turnover in the first full year was £310,000 and Kirk says he expects £1m for the financial year ending next March. "The market turned out to be much better than we had expected," he says, "and our customers tend to return with more work for us." Kirk and Watson charge about £1,000 to test a straightforward piece of equipment – say, a micro-computer. But RFI *has* gone beyond simple testing. Two-thirds of its business is now coming from solving problems that crop up with customers' designs.

It also had a lucky break from the government. All radio equipment sold in Britain used to be *tested at the Department* of Trade and Industry laboratory in Kenley, Surrey. Within the past year, a decision to privatise some of that work has resulted in three private sector laboratories being selected – and RFI is one of them.

To handle the resulting flow of work, RFI is investing more than £100,000 to develop the radio testing side. "We expect to have to go back to seek additional finance," says Kirk. "At our present rate of expansion, we will have reached the limit on this site by sometime next year. Then, we will have to look at setting up one or more new testing sites."

■ *Radio Frequency Investigation, Ewhurst Park, Ramsdell, Basingstoke, Hampshire RG26 5RQ (tel. 0256-851-193).*

Trevor Humphries

Serena Kelsey: injury ended a dancing career but tailoring has kept her on her toes

The woman who proved tailor-made for success

A cut above the rest

IF YOU THINK the City of *London* and the West *End* are looking a touch smarter these days, Serena Kelsey, a 27-year-old dancer turned businesswoman, can take some credit. Since setting up Kelsey Tailoring less than three years ago, she has fitted more than 2,000 business men and women with *new suits*.

From time to time you might see dealers, bankers and insurance workers – even chairmen and chief executives – fling open their jackets with studied carelessness to reveal brilliant plumage: a silk lining in scarlet, gold, or shimmering stripes. The chances are that you'll be looking at Kelsey's work.

She went to art college and studied pattern-cutting and design before becoming a dancer. That career ended abruptly at 22 when she broke three toes in a stage accident. She then took a job with a man selling off-the-peg suits. But he over-stocked and went out of business, leaving her with lists *of clients. Kelsey learnt how to* measure tailored garments and set off into the City to find some orders.

She started by calling on business people in their offices. Her *theatrical* background helped her to realise that success could be achieved if she offered them something more than the regulation London business uniform of grey or blue worsted in plain, pin stripe or chalk stripe.

So, she found some outrageous lining materials and backed her hunch that they would appeal to the show-off inside the conventional executive. After winning 30 clients in the first month, she realised she had a future in tailoring!

"Buying a suit should be fun," Kelsey says. And she has proved it: she is now selling 150 a month at prices between £270 and £450. Thirty per cent of her customers are women. And it isn't only the inhabitants of sober board-rooms who sport the Kelsey touch: one senior police officer has a gold lining!

To build up orders, she recruited a *team of self-employed* women who now tour London offices for business and earn between £1,500 and £2,000 a month each on commission. "Ginny", "Anabelle", "Boo", "Knoxy" and "Muff" have quickly become characters in their own right as they go on their rounds.

The suits are made by a company in Northumberland and Kelsey sold 500 in her first year, grossing £150,000; this year, she will turn over £540,000. Her aim is to increase her sales team to 10 and raise turnover to £1m annually.

Offers of capital help flow thick and fast these days whenever she goes to visit business customers in person. But she says she doesn't need the money. With no full-time employees and modest premises rented in the Camberwell Business Centre, south London, the venture is forging ahead on its own cash flow.

■ *Kelsey Tailoring, Unit B45, Camberwell Business Centre, 99/103 Lomond Grove, London SE5 (tel. 01-708-1936).*

R. H.

Supply squeeze

WITHIN the past five years, Ford Europe has reduced its number of outside suppliers from 2,500 to 900, Peugeot from 2,000 to 950, Jaguar from 2,000 to 700, and Rover from 1,200 to 600. What is happening in the motor industry is being repeated in other sectors such as electronics, food and textiles, says 3i, the venture capital group. It commissioned a study by management consultant Tony Robinson into the changing relationship between large companies and their small suppliers.

The message is clear. Big businesses need fewer sources of supply as they turn increasingly to techniques like just-in-time production – delivering to the factory as needed – and total quality management.

The pressure to deliver quality will be passed down to the smaller companies. Many of them will find themselves in the position of second- or third-tier suppliers, working through the companies which are chosen as prime suppliers to the big companies.

Rodney Drew, a 3i director and himself an engineer, arranged for Robinson to study 50 of the small companies in which his group invests as well as 10 blue chip companies which agreed to talk about their relationships with their small suppliers.

Drew argues that the changes in the buying practices of big companies should be seen as good news for the small businessman. "In the past, too many purchasing officers liked to see a dozen suppliers queuing up for orders and, all too often, they simply picked the one who quoted the bottom price. The new pressure to deliver quality will pass down to the smaller companies on which much of industry depends."

He agrees, however, that there will be fewer opportunities in the future for the small business to break into the supply chain or quote for a key contract.

■ *Partners in Providing the Goods: a study by Tony Robinson, published by 3i, 91 Waterloo Road, London SE1 8XP (tel. 01-928-7822).*

R. H.

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BOOKS

The man who put the chutzpah into poetry

***Geoffrey Moore** remembers a free spirit and the secret of his success*

TAMBIMUTTU: BRIDGE BETWEEN TWO WORLDS
edited by Jane Williams
Peter Owen £25.00, 291 pages

"BLISS WAS it in that dawn to be alive/But to be young was very heaven." It might seem on the face of it hyperbole to apply Wordsworth's ecstatic outburst to delight at the appearance of a mere poetry magazine. But that is how we felt about *Poetry London* in the early days of the Second World War – those of us, that is, who were teenage novices and bursting to break into print.

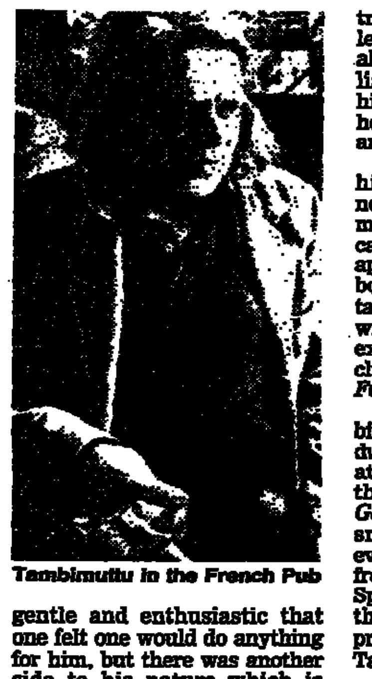
It was the end of a decade of poetic squabbling: the New Apocalypse rising to confront the grey eminence of the Pylon Poets, Julian Symons' *Twentieth Century Verse* standing aloof and Geoffrey Grigson's *New Verse* pouring acid on the whole boiling. Into this petty world there sailed a vision, a dream called Tambimuttu who had the chutzpah to proclaim that "every man has poetry within him."

We all went quietly mad and sent our poems to Tambi by the cartload. Sometimes there was actually an acknowledgement, saying that our hero had liked what he had seen. What better excuse, then, to visit him in the tiny crowded office that his publishers Nicolson and Watson had given him at Craven House in Kingsway, London.

By now a year, perhaps two, had gone by. We were different – on leave from the Forces. But Tambi had not changed. Beautiful, shy yet friendly, he made it seem as if you were the sole object of his attention. The heart sank, perhaps, at what seemed like hundreds of other people's manuscripts piled in disorder around him, but a quick trip round the corner to The Princess Louise and the sinking of a quite remarkable number of pints brought eternal friendship and the promise of publication.

Who was Tambi? What was he, that all his friends commend him? He was a Jaffna Tamil, born in 1915 in Ceylon, who came to England in 1938 and almost immediately made himself a leading figure in the London literary scene. His family was Catholic and prominent, an uncle having been a distinguished Jesuit lexicographer. But Meary James, as he was christened, preferred to think of himself as a Hindu, and took to calling himself "Thurai Rajah."

In London, Tambi made Fitzrovia. He was always so



Tambimuttu in the French Pub

gentle and enthusiastic that one felt one would do anything for him, but there was another side to his nature which is touched on by one of the contributors to *Tambimuttu*, a collection of poems and pieces about him edited by Jane Williams. Grover Amen quotes himself as telling Tambi that he was a "crazy, drunken con-artist . . . a lost soul, a misfit."

True, of course. He drank himself silly and produced nothing of his own that was memorable. The long poem called "Gita Sarasvati," which appears at the end of Williams' book and which she calls "certainly my favourite of all his writings," is a prosy attempt to expound Hindu philosophy, clumsily derivative from *The Four Quartets*.

As an editor, however, Tambimuttu was superb. He produced the most inspiring and attractive magazine of verse that Britain had seen since *Georgian Poetry*. T.S. Eliot smiled on the project and everyone appeared in its pages, from Dylan Thomas, Stephen Spender and Kathleen Raine to the least unknown who had produced a poem which caught Tambi's eye.

That was the secret of his success. Although he was an incorrigible name-dropper, he was also a true democrat. His "nose," as he called it, led him to publish, among the 62 books of Editions Poetry London, Nabokov's *The Real Life of Sebastian Knight*, Henry Moore's *Shelter Sketch Book*, and Henry Miller's *The Cosmological Eye*.

Fifty years after his initial impact on London literary life and six years after his death it is good to be reminded of what he did – although not all of the 70 pieces printed in Williams' collection are worthy to have seen the light of day. Apart from friends in the early days such as Patricia Ledwood, Nicholas Moore and well-known names like Iris Murdoch and Mulk Raj Anand, it is irritating not to know who all these people are. At the price, also, an index would not have been out of order.

The editor is described as "a close friend" of Tambimuttu for the last 10 years of his life. But the 60-year-old Tambi that she knew was not the free spirit who delighted us in the 1940s. His time in the US was not a success and when he returned to England it was clear that the rot had set in.

Man does not live by charm alone, and all the king's horses and all the king's men could not put Tambi together again. Williams, who has a keen eye for a colourful character, has done her best – and perhaps this is no more than could have been done. Gossip keeps Tambi's memory alive; judgment would have been harsher.

A sensitive exercise in masochism

*The reputation of T.E. Lawrence continues to fluctuate. **Harold Beeley** reviews the official life*

LAWRENCE OF ARABIA: THE AUTHORISED BIOGRAPHY OF T.E.LAWRENCE
by Jeremy Wilson
Heinemann £25.00, 1188 pages

LAST YEAR, narrowly missed by the author and publishers of *Lawrence of Arabia*, was the centenary of T.E. Lawrence's birth. Since the end of the First World War Lawrence's reputation has fluctuated immoderately, from that of a romantic hero to works of demythology which have in turn created myths of their own. It is certainly not too soon for the appearance of this objective appraisal based on an exhaustive study of all available evidence, which has occupied Jeremy Wilson for nearly 20 years. Its description as "the authorised biography" appears to mean essentially that he has had unrestricted access to the papers controlled by the Lawrence family and trustees.

Lawrence's fame rests primarily on two years' campaigning in the desert with a largely irregular force of Arabs, in which his achievement was wholly incommensurate with his rank and seniority. When it ended with the entry into Damascus in 1918 he was just 30 and was about to become a full colonel.

There are several mysteries about Lawrence. One that I find particularly striking (but which has not greatly interested Wilson) is the contradiction between his anger at British Middle Eastern policy during the war and his calm acceptance of it afterwards. He even described his contribution to the peace settlement as "my big achievement."

Previously he had been obsessed by guilty knowledge of the gap between the promises made by Britain to the Arabs and the settlement which the Allies were planning to impose on the area. As he wrote in *Seven Pillars of Wisdom*, "instead of being proud of what we did together I was continually and bitterly ashamed . . . Had I been an honest adviser of the Arabs I would have advised them to go home and not risk their lives fighting for such stuff."

When on arriving in London he was invited to the Palace for an audience with George V, and was surprised to discover that the purpose was a private investiture (with decorations in the plural, apparently including a knighthood), he declined to accept any honours, saying – according to his own account – "Your Cabinet are an awful lot of crooks."

In 1924, however, when he was appointed to advise Churchill, who had become colonial secretary with a mandate to settle outstanding Middle Eastern problems, he claimed a large share of the credit for the resulting settlement. And while the boundaries between the French and British zones were no longer the same, there was little to choose in principle between the Sykes-Picot agreement of 1916 against which Lawrence had raged and the arrangements established in 1921.

The future of Syria seemed no longer to concern him, and he was also curiously unworried by the Balfour Declaration and its potential consequences. In fact he impressed on Feisal the value to the Palestinian Arabs of Zionist capital and skills. Writing in 1922, he "put on record my conviction that England is out of the Arab affair with clean hands." Lawrence never returned to the Middle East and seems seldom to have discussed it, except in relation to the *Seven Pillars of Wisdom* and other literary issues.

There was another and famous exception. In 1917 he had recklessly carried out a personal reconnaissance of Deraa, a Turkish-occupied town which he was planning to attack. He was captured and was flogged and raped by his captors before managing to escape. Some writers have maintained that this uncorroborated episode was pure fantasy, foreshadowing rather than causing the future occasions on which he is known to have paid to have himself whipped. Wilson comes to the conclusion, on grounds not wholly satisfactory, that the story is true.

Towards other people Lawrence was sensitive, compassionate and generous. In his own life he was an ascetic, driven at times by stress or depression into masochistic practices. Indeed, it is not unreasonable to regard the whole of his later life, from 1922 until shortly before his death in 1935, as a continuing exercise in masochism. His insistence on serving as an aircraftsman in the RAF (with a brief interval as a private in the Tank Corps), under an assumed name, contrasted strangely with the contacts he maintained by correspondence with many distinguished people in the world of literature and in Whitehall and Westminster. He was one of the truly great letter-writers, and was perfectly conscious of his gifts. He confessed to Edward Garnett that he had aimed at making *Seven Pillars of Wisdom* "an English fourth" with *The Brothers Karamazov*, *Thus Spake Zarathustra* and *Moby Dick*.

Attempts were, of course, made by his friends to tempt him from his self-imposed exile with offers of employment or literary projects. In 1928 two friends, ingeniously combining his desire for obscurity with the convenience of living in London, persuaded the Bank of England to offer him a job as night-watchman; six years later Montagu Norman, starting from different premises, sounded him on the possibility of his becoming Secretary of the Bank. Of the literary propositions the most curious came from E.M. Forster, who wanted him to write a book about women. Perhaps he was fortunate in surviving his retirement from the RAF for no more than two months.

Jeremy Wilson's book will be indispensable for future students of Lawrence; it is unlikely to lead many new readers to him. In his prologue, Wilson says: "The style of the book had to be appropriate to its aims . . . A conspicuous prose style would be a handicap in a work which seeks to blend extracts from many different hands into a readable narrative."

His self-denial throws into relief the conspicuous prose style of Lawrence, but does nothing to mitigate the book's immense length. Nor, of course, does the decision to publish in a single volume.

Fiction

Never-never land of rep

AN AWFULLY BIG ADVENTURE
by Beryl Bainbridge
Duckworth £10.95, 193 pages

LIKE GREENELAND, Beryl Bainbridge Country has its regular features and routines which the returning visitor learns to recognise. It consists of many small enclosed locales, stifling in their sense of imprisonment, from which escape is bought dearly, if it is possible at all. It is a world where the abominable, the catastrophic, lies wickedly concealed in the ordinary, the makeshift, the everyday, liable to pop up and engulf the unwary with arbitrary swiftness. Above all, it is a country where innocence is a punishable offence, and the process of maturing ambition attended with inordinate pain and humiliation.

Last time round, in *Watson's Apology*, we saw it through the eyes of a dedicated Victorian scholar who was tied to the treadmill of schoolmastering and a doomed marriage. This time, in *An Awfully Big Adventure*, we are in weekly rep in Liverpool in the 1950s, the period just before telly took over our lives, observed through the eyes of a stage-struck 16-year-old-girl. Thanks to her uncle pulling a few strings, she has become the troupe's assistant stage manager.

It is a busy time for her, because in addition to the current production, Priestley's *Dangerous Corner*, and the forthcoming one, Shaw's *Caesar and Cleopatra*, in which she is given a minute part, the company is preparing for its big Christmas show, *Peter Pan*. Like some Rixi Markus of fiction, Bainbridge finesses beautifully on all those famous plays, finding hidden resonances in their plots with her own, and the career of her heroine. As Stella (meaning star, also the first name of Mrs Patrick Campbell, the great actress) becomes inextricably involved with the lives and loves of her elders, the girl has reached her own early career's dangerous corner from which there will be no going back.

As a young woman of great energy, determination and will-power, who has to prove herself in difficult circumstances, her situation matches that of the heroine of Shaw's play. In trying to turn her experienced mentor into a lover, she misreads all the signals. Her misunderstandings would constitute a constant source of laughter for the reader, like Cleopatra's, if the consequences were not so dire for Stella and for the people in her wake.

Lastly, there is the final, the most complex parallel between Stella and Wendy, the heroine of *Peter Pan*. Bainbridge presents the repertory theatre in those days as a kind of never-never land. It is full of weird people adrift from their families who somehow have failed fully to grow up. They are just like Barrie's "lost boys," controlled by their director, a post-war Peter Pan. As she fetches and carries for the whole company and becomes desperately in love with the director – who is of course gay – Bainbridge's Stella, a natural exploitee, blunders and suffers her way into premature womanhood.

This short but most intricate novel moves inexorably, with the pace of a death-watch beetle, to the moment when life inflicts its fatal wound on her, even as the lost boy Tootles's arrow does to her prototype in the children's play. Her own substitute parents, her aunt and uncle running a small commercial hotel, she has rejected already. Her natural mother is a distant impersonal voice on the telephone. She is totally alone, in a protected environment, pierced suddenly by reality.

To have a fine new novel of this order arriving so late in the year is a most pleasant surprise.

Anthony Curtis

Imperial nostalgia

TALES OF THE EMPIRE: THE BRITISH IN THE MIDDLE EAST
by Derek Hopwood
I.B.Tauris £16.95, 196 pages

AS THE British are dragged into Europe, some kicking/screaming more than others, the literature of imperial nostalgia flourishes. There is surely no harm in it. We have had volumes of "tales" of the Raj and of the African colonies, and here we arrive at Egypt and Palestine. No doubt Fiji and Anguilla will follow.

Derek Hopwood's anecdotes are drawn from unpublished letters and memoirs in the archive of St Antony's, Oxford, and are dedicated to the memory of Elizabeth Monroe. They sometimes sound like an Empire recollected in the tranquillity of a Cotswold retirement cottage but they will fascinate (British) readers who have an affection for the Middle East.

Most of these pages relate to Egypt and Palestine: the activities of the British in Arabia are only briefly included and need – and deserve – another book. But Egypt is the heart of this tale: it was by far the most important of Britain's "possessions" in the region and Cairo was the headquarters for the whole, with Palestine, Iraq, Jordan, Sudan and Arabia the later adjuncts. (In the imperial scheme, of course, India was the plum career: the people who feature in these pages had taken second best. Sudan – I have never understood why – became the top Middle East posting.)

The delights of Cairo in the early years of this century are well illustrated in the lives not just of the imperial bureaucrats but of less official and respectable Europeans who, as the years go by, will later emerge in the pages of Durrell and Ambler. This was no simple society of rulers and ruled. (One "mixed" marriage, where the British husband deserted his Egyptian wife for the casino at Monte Carlo, was described as "a case of marrying in haste and repenting at *les jeux*.")

There are plenty more good stories of life in Egypt in the first half of this century, but no ignoring of the 1919 disturbances with their thousand dead, which led to "a kind of truce" between British and Egyptians for 30 years.

Palestine was different. "The British were trapped in the middle of a bitter conflict. During this period thousands of them worked in Palestine in a myriad of capacities, from high commissioner downward. They never settled in Palestine or developed an affectionate tolerance for the Arabs as they did for the Egyptians. They were usually in crisis, often irritated, driven to despair. They started out with the best of intentions."

That summarises it well. "Any government in its right senses would have left immediately," observes Hopwood of 1919. Again there are a lot of good vignettes: see, for example, the diary of Miss Wilson on the West Bank in 1939: "Turkish soldiers before 1918, English soldiers now. All soldiers alike," she is told in Ramallah – where they now have *Israeli soldiers* . . .

And always there is the British Empire's commitment to the absurdity of the bureaucrat: in Palestine, as bombs were hurled, an Ordinance solemnly declared that: "Ownership of all animal droppings shall be vested in the High Commissioner."

J.D.F. Jones

Life after cynicism

HUXLEY IN HOLLYWOOD
by David King Dunaway
Bloomsbury £18.95, 458 pages

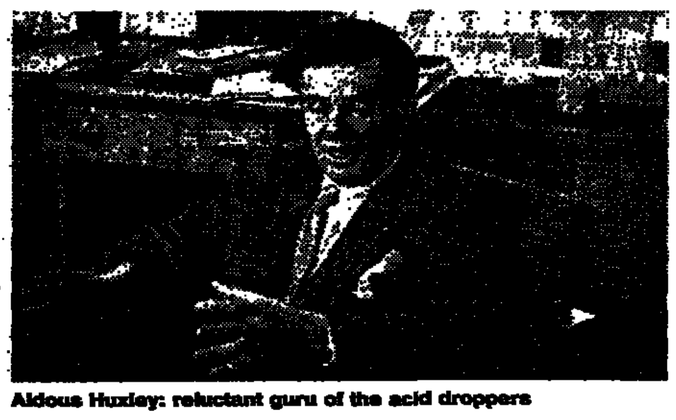
DAVID KING Dunaway's *Huxley in Hollywood* is actually two books. The first is an engaging, often amusing account of Aldous Huxley's American years, which lasted from 1937 until his death in 1963. The second is a more sombre and poignant account of the writer's attempt to find spiritual meaning, a quest which took him through radical pacifism, Eastern mysticism and psychedelic drug use. Woven together, these two narratives make for a fascinating portrait of Huxley that does much to dispel the often-dismissive myths surrounding his later years.

When Huxley left London in the summer of 1937 he was a man who had grown tired of the cynicism which had made him famous. He had, according to Dunaway, "run out of meaninglessness." He had also run out of money. These twin deficits made Hollywood an attractive destination, a sunny and optimistic place where he could replenish spiritual and economic coffers. He arrived there at a time when the studios were eager to ensnare big name writers – Faulkner, Fitzgerald and Wodehouse, among others, did their time in Los Angeles.

Huxley made the transition from the page to the screen rather less easily than most, however, due primarily to his near-blindness, which made it difficult for him to present his work in visually dynamic terms. His treatments were cumbersome and preachy, causing his agent's secretary to claim of his first work: "It stinks."

There were a few successes – he worked on *Jane Eyre* and *Pride and Prejudice* – yet with the advent of the House Un-American Activities Committee (which mistakenly named Huxley as a fellow-traveller), he could only find work on such projects as a cartoon version of *Don Quixote* starring Mr Magoo.

Huxley fitted more readily into the Hollywood emigré community, a population which grew with each advance Hitler made. Dunaway details those heady years with skill, capturing the dynamic and often absurd flavour of artists-in-exile. From the secret "Sewing Circles" of lesbians (which Huxley's wife Maria quickly joined) to the divisions within the British community over whether to return to join the war effort, Dunaway paints a vivid portrait of a remarkable episode in American (and European) history. His anecdotes are also well drawn, in particular the meeting between Huxley and Thomas Mann on a Los Angeles beach strewn with half-inflated condoms that fluttered in the breeze like a field of poppies.



Aldous Huxley: reluctant guru of the acid droppers

Less comical is Dunaway's rendering of the often-maligned spiritual quest of Huxley's American years. It has always been tempting to dismiss the later Huxley as a once-brilliant novelist who lost his satirical edge in the diffuse, cultish haze of southern Californian mysticism. Yet Dunaway paints a far different picture, showing a man who sought to remedy family traumas and crippling eye problems by attaining an inner peace and vision.

Rather than being soft-headed, Huxley appears to have simply outlived a cynicism which had cocooned him from the early death of his mother, the suicide of a beloved brother and a long spell of childhood blindness. His fascination with psychedelic drugs is also well depicted, showing him to be a reluctant guru of the acid droppers of the 1960s as he urged Timothy Leary to limit the use of LSD to a select few.

Although this aspect of the book is less entertaining than the show business stories, it does flesh out Huxley's mysticism, making it difficult to dismiss his American years as the sorry end of a once promising literary career. Dunaway rightly points out that much of Huxley's later writing, especially *The Doors of Perception* and his utopian novel *The Island*, were standard reading for the youth of the 1960s. The fact that they are now rejected in favour of the dark satire of *Point Counter Point* and *Brave New World* may say more about the prejudices of contemporary readers than it does of their author.

Stephen Amidon

Policies all at sea

IN DEFENCE OF NAVAL SUPREMACY: Finance, Technology and British Naval Policy 1889-1914
by Jon Tetsuro Sumida
Unwin Hyman £38.00, 368 pages

THIS BOOK confirms Professor Sumida's reputation as a historian of exceptional quality. His edition of the Pollen papers for the Navy Records Society demonstrated his mastery of a highly-technical subject, namely the invention and development before the First World War of a system which would enable a warship to correct the range and direction of her gunfire while herself suddenly changing course.

The extraordinary story of how Arthur Pollen, the brilliant young managing director of the Linotype corporation, first formulated and then solved the series of problems involved has been told by his son Anthony in *The Great Gunnery Scandal* (Collins, 1980). That book also gave the first account of the Admiralty's even more extraordinary reactions to a development that the ablest naval officers at once recognised as crucial.

Jacky Fisher, the moving spirit in modernising the Navy, wrote to the First Lord in September 1906: "Pollen's invention is simply priceless and I do hope we may hesitate at nothing to get ITS SOLE USE. We shall NEVER be forgiven if we do not! The case is marvellously like the introduction of the Whitehead torpedo. We could have had the absolute monopoly of that wonderful weapon (and Mr Whitehead body and soul into the bargain!) but the Admiralty that day haggled over £80,000. I hope we shan't make such an idiotic mistake over Pollen."

But they did. Only 18 months later Fisher himself was championing, with his customary brio, the alternative but insubstantial claims of a clever young Gunnery officer. He then threw all his weight against adopting Pollen's system which, by the 1920s, had become the basis of that employed by all major navies.

How – and why – were foolish decisions of such magnitude reached at the highest level of what everyone believed to be the most professional service in the world? This book shows with a quiet mastery of both the technical and the financial background the terrifying arbitrariness and lack of method that vitiated the formation and application of naval policy in the Fisher era.

Professor Sumida throws a flood of new light on the part played in these matters by the ebb and flow of public money. Fisher, whom everyone thinks of as the free-wheeling First Sea Lord who covered the ocean with Dreadnoughts and Battlecruisers at astronomic cost, was, it seems, given the job because he promised increased efficiency at much reduced expense.

This book, for all its technical expertise, is accessible to the layman. It is a fine achievement.

Richard Ollard

Never fear, Red is here

RED ADAIR: AN AMERICAN HERO
by Philip Singerman
Bloomsbury £14.95, 272 pages

RED ADAIR, who has achieved worldwide fame for putting out fires in oil wells, is a wonderful advert for the work ethic. His life has been one mad scramble around the world sorting out disasters on behalf of the big oil companies.

Red's real name is Paul, but hardly any of his oilfield buddies in Texas, which is where he comes from, call him this. They all have peculiar names too – like Squirt, Coots, Three-Finger George, Boots and Bum – and they feature quite a lot in this book of Red's life.

They tend to drink whisky, play jokes, slap backs, visit brothels and race stockcars, just the kind of thing Red likes doing when not on the oil-patch. It is here, however, when he comes into his own. He hardly ever shows fear – he can't explain this, it just happens – and can comprehend the operation of every pipe and flange of an oilwell that is on fire so he can work out a plan for getting it back to normal again.

Of course, accidents do happen. Red has been blown up several times, sometimes huge distances in the air. Red generally escapes and is back to work the next day. He is laid-back and tough. He leaves for new jobs without saying much to anyone, muttering things like: "Gotta hurry, gotta hurry . . . leaving for Africa tonight."

Red gets on well with most people, although sometimes the natives can cut up rough. He had a hard time with some bandits in Colombia and the Algerians were shifty. The Libyans had dreadful manners and, as for the French, they were awful, being pallid and nervous.

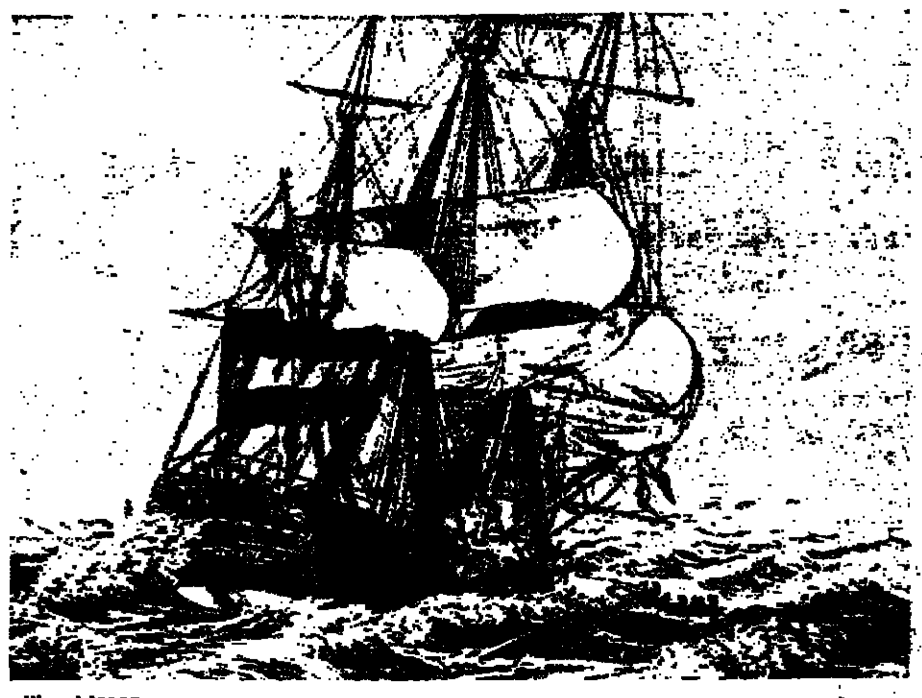
Red's technical ability is amazing: when Jimmy, his son, was a baby he was in terrible shape and the doctors had pronounced him dead, but Red managed to get him breathing again. You can't trust doctors can you? Naturally enough, Jimmy tried to follow in the old man's footsteps, though he went off the rails a bit later on – having several wives, drinking too much and so on.

As for Kemmie, Red's wife, she got fed up with being left on her own so much. She did consult a psychiatrist, though that didn't do much good. One time she rammed Red's marvellous new car out of frustration but Red – although angry at first – was wonderfully understanding about the whole thing. Red's now in his 70s but can't bear to give up his job. Kemmie sometimes rats on about this.

A few years ago the old bear and his family commissioned an author, Philip Singerman, to write an authorised biography of Red's life. Philip – or Good Ol' Phil as he is probably known – is terrific at going back into the past to write about occasions involving Red as though he had been there himself. Phil can recount, word for word and in the correct Texan slang, long and complex conversations of 40 years ago. The author has even unearthed a little poem that Kemmie composed about Red: "Settin' chokes and crackin' jokes/and bailing out some sand./But gee my little fellow Red, I wish that I could see,/Just for a while, that grin, that smile,/You summon up for me." The poem sums up the book.

Peter Marsh

A Dutch East Indiaman which sank off the coast of Holland in 1743 has yielded thousands of gold ducats – and the best collection of 18th century wine bottles ever likely to be discovered. It has also sparked off a fundamental row between the salvager and the Dutch cultural authorities. NICHOLAS FAITH reports.



Rex Cowan with some of the recovered bottles. Right, the Flying Hart sunk . . . but not without trace

Treasure beyond measure

THE PEWTER spoon is humble enough, bent and tarnished. But the initials, NVDM, bring it to life. For the incomparable records of the Dutch East India Company reveal that this particular piece of cutlery was the property of N Van Der Meer, the surgeon's assistant in the ill-fated Vligenthart – the Flying Hart – which flew to its doom on the banks of the Scheldt in 1735. Tracing these initials, handling the object itself, brings a chill to the soul of the most cynical onlooker.

But the spoon, and the many other objects from the Vligenthart now in the modest museum in Vlissingen, a port in the extreme south west of Holland, do not constitute the whole of the cargo which has been salvaged over the past ten years from the ship. The Vligenthart has also yielded gold ducats in their thousands, and hundreds of 18th century wine bottles, a haul likely to be unique because the Vligenthart, unusually, foundered in sand and silt rather than on hard, bottle-breaking rocks.

Divers have recovered more than 400 bottles in 1989 alone. There are probably more to come; there could have been as many as 15,000 bottles on board. Four out of five of those salvaged still contain wine because most of the corks remain intact, although two and a half centuries of exposure to the deep has compressed them into the shape of champagne corks.

Sadly, the wine is undrinkable. Time and sea salt have converted it into something resembling liquid Camembert. Not that it was ever very distinguished. The Dutch had loaded the Vligenthart with cheap wines from Cadiz, from Bergerac, up-river from Bordeaux, and a wine from the Rhineland which chemists have decided was fortified before shipment.

The bottles themselves are historically more interesting than the wine. Bottles were precious objects, to be reused voyage after voyage. In the generation before the loss of the Vligenthart they gradually changed shape. They became chunkier, more stable, their necks less fragile, their shape squarer, with an increasing resemblance to modern bottles of Cointreau or Benedictine. These changes made them easier to pack. Their development is clear in the hundreds being carefully restored in the basement of the Vlissingen museum.

As soon as the bottles are exposed to the air there is a faint crumbling noise, like a clock ticking or water dripping on metal, as the glass starts to laminate, to flake and then crack after even a few minutes contact with the air. The interiors are more solid because the wine is less salty than the surrounding water. The bottles have to be soaked for weeks in ordinary tap water and then in distilled water to remove the salt before they are stable enough for prolonged exposure.

But the real prize is the case of 176 bottles now being slowly reassembled in the museum's unpretentious workshop. The total number is no accident. Contemporary bottles contained about 88 cl of liquid, and 176 times 88cl adds up to 155 litres, which makes up the old Dutch unit of measurement, an *aan*.

Although the base of the box has crumbled the remainder is intact. The whole thing weighed over 500 lb and could not have been carried by the two handles, whose holes are still visible on the side of the case. In fact the wine was probably destined to be drunk in the course of the Vligenthart's aborted seven-month voyage to the East Indies, and the case would have been used for storage rather than carriage. For sailors preferred to drink beer and wine rather than risk infection from the putrid water on board.

Yet the bottles have been largely ignored in a ferocious and long-running battle sparked off by the Vligenthart, a row which strikes at the heart of the rumbling controversy over the role of the state and of individual salvagers in recovering riches from the sea.

On the one side is the salvager, Rex Cowan, with the continuing and invaluable backing of the Dutch Ministry of Finance. Its support is not, however, disinterested. It collects 25 per cent of the proceeds, acting as the residuary legatee of the Dutch East India Company, nationalised in 1798 after it had been bankrupted by the strains of the French Revolution.

On the other side is the embattled Dutch cultural establishment, increasingly adamant that Cowan must be stopped, that salvage should be conducted only by properly supervised, officially-employed underwater archaeologists. In the middle are a handful of Dutch experts, such as Tom van der Horst of the Dutch Maritime Museum, who are helping Cowan identify and restore his finds. They are under increasing pressure to stop working for Cowan, even though their employers are benefiting from the flow of historically important (or simply interesting) objects which they have bought from the Vligenthart.

For the Dutch have made no attempt to group the riches of the Vligenthart as a coherent collection in a suitable location, like the Vlissingen Museum, thus leaving their cultural establishment open to the charge that its members are motivated more by acquisitiveness, a narrow possessiveness, than by any desire to protect the national heritage.

Cowan is thoroughly enjoying the row, for a certain bloody-mindedness is part of the character of any underwater treasure-seeker. Not that he is a simple looter; far from it. He first became fascinated by underwater archaeology 20 years ago as a 38-year-old solicitor with a holiday home in the Scillies. With the help of his wife Zelide (now the world's leading archivist in the field) he located the wreck of the Hollandia, a Dutch East Indiaman, and recovered enough gold to pay for the search.

Since then he has emerged as the only wreck-hunter in Europe who tries to work with the authorities in ensuring that wrecks are not simply broken up in one quick swoop, their contents vacuumed by powerful suction pumps, but rather they are properly explored, the costs being recovered by the sale of any gold or precious objects found. He even organises an annual seminar at Fort Bovisand in Plymouth, Devon, which is the central meeting-point for everyone – academics, museum curators and divers alike – involved in the arcane and exciting game of underwater archaeology.

Unfortunately, in a game in which every search takes years of boring, dangerous, expensive, and often fruitless work in the loneliness of the ocean, any wreck-hunter is bound to combine monomania and egocentricity with an overwhelming and obsessive stubbornness totally unsuited to negotiating with prickly cultural officials. Cowan – chunky, charismatic, combative, a sensitive bully, alternately charming and overwhelming, his high-pitched voice relentlessly presenting his ideas like an unstoppable dentist's drill – is merely a more intellectual version of the type.

His obvious interest in recovering knowledge as well as loot from the sea bed has given him a unique position within British underwater archaeology as the sort of licensed freebooter common in the days of Elizabeth I. He is a member of the Runciman Committee, which supervises wrecks found in British territorial waters and is widely praised for the painstaking efforts he makes to record and preserve his finds. Nevertheless Cowan is never averse to the odd spectacular gesture. Cranley Onslow, now a senior Conservative back-bencher, says: "As a minister, I did not meet anyone who came into my room and threw pieces of eight on the table in front of me."

Cowan is lucky in working under the 1973 Underwater Monuments Act. This extends the law of salvage to underwater wrecks and thus gives official status to searchers without distinguishing between the private and public sectors. Unfairly, even non-commercial expeditions have to pay a percentage of their value of the finds to the government.

The act is supported by practical archaeologists such as Dr Margaret Rule, the inspiration behind the recovery of the Tudor warship, the Mary Rose. She and her colleagues are looking for a combination of (a little) public funding and the capacity available under the Act to harness not just greed, but also amateur enthusiasm to help inevitably inadequate professional efforts and ensure that discoveries are treated as capital to be invested long-term in displays for future generations, rather than sold for a one-off profit. But even in Britain her practical school is faced by a chair-borne museum-based lobby which would like to prevent any diving on to historical wrecks over a hundred years old.

Although some US states have arrived at a position similar to that prevailing in Britain most Continental countries take a far more purist attitude, insisting that all trove belongs to the state. As a result the Mediterranean, in particular, is being systematically stripped of its incomparable underwater riches, as freebooters pillage the wrecks off the coast of Italy, France and Greece. The irony of the Vligenthart story is that the Dutch started working *a l'Anglaise*, and have now reversed their position, thus cutting off their nose to spite their face.

It was Bas Kist of the Rijksmuseum who first suggested that Cowan should look for the Vligenthart, a typical Dutch East Indiaman which had sunk in a gale on the afternoon of February 3 1735. It was not an obvious target, despite the quantity of gold it was known to have carried, since it sank on the treacherous sandbanks off the southern Dutch coast and was lying in silt and mud, conditions in which location was inevitably going to be difficult and diving tricky in the extreme – visibility can be as little as three inches.

Fortunately, in the mid-1970s Gunter Schilder, now the world's only Professor of the History of Cartography, had happened across a secret map made a couple of years after the wreck. This was sketched to help the English divers who had recovered some of the Vligenthart's cargo using crude diving barrels in the shallow waters.

Cowan secured financial backing from John Rose, a diving enthusiast who had made a fortune through owning the franchise for Kentucky Fried Chicken fast food in East Anglia. He then made an agreement with the Dutch Government to share the proceeds – some of clauses were subsequently included in Dutch law. It took two years to locate the Vligenthart, but until the summer of 1983 they discovered only unsaleable if historically interesting artefacts.

The search was going so badly, and the costs rising so rapidly (each week's diving now costs £6,000), that in the early summer of 1983 Cowan asked for the percentage of the proceeds going to the Dutch Government to be reduced from 25 to 10. They agreed. Within three weeks the divers had recovered a chest containing 4,000 gold ducats, enough to pay for the whole expedition. Promptly the atmosphere darkened. Cowan was immediately and irremediably transformed into a cartoon villain in the eyes of the Dutch public, although the official Dutch divers working with him confirmed that the discovery of the chest was a complete surprise.

Rose and Cowan's problems were exacerbated by Dutch and Belgian fishermen who were systematically trawling over the scene. Eventually, in return for restoring his share of 25 per cent, the Dutch Government provided protection against the nets. But the attitude of the Dutch authorities had permanently hardened against Cowan.

That was not entirely his fault. The Dutch were particularly incensed by the fortune made by Mike Hatcher from the Geldermalsen, whose cargo of china, the so-called Nanking Cargo, was sold for more than £10m at Christie's in 1986. The Dutch had taken their percentage from the sale – providing them with £1m – but they also found a cultural reason for their hostility, for Hatcher had refused to take an underwater archaeologist with him. As he told *FT* arts writer Anthony Thorncroft at the time: "Given the short salvaging season in the South China Sea . . . a painstaking scholarly approach is impracticable. It forces costs up too high and encourages human predators."

The Dutch Ministry of Culture and Museum officials complained bitterly of not being told Cowan's plans and of the lack of proper archaeological back-up during the 1985 expeditions. Cowan gave as good as he got, but, never the soul of tact, exacerbated the tensions by pointing out the number of artefacts he had donated to Dutch museums and the amount he had taught Dutch officials about the arcane skills of underwater archaeology.

To make matters worse, lack of funds has forced the Dutch to abandon their official salvage efforts on the Amsterdam, another East Indiaman which sank off Hastings. This emphasises Cowan's point that only three of the 28 Dutch East Indiamen found underwater have ever been located by official divers, and only one salvaged without private assistance. And until Treasuries, including the Dutch, which is taking its due percentage even of wrecks like the Geldermalsen, return some of the money to the world's impoverished band of official underwater archaeologists, governments will have to rely on the Cowans of this world to explore the mysteries of the deep.

Sniffing the scent of the suqs in old Arabia

***Anthony Sattin** travels to a city of ancient tradition in Yemen*

The gate to the old city at Sana'a in the Yemen Arab Republic

I ARRIVED in Sana'a at night, travelling from Cairo with Sylvie, my Belgian fiancee. I have become used to the excitements and restrictions which are part of living in an Arab country, but the Egyptians I talked to before I left warned that I would find something altogether different in the Yemen Arab Republic. One of them said: "It is like stepping into the Middle Ages." He missed the point: I was travelling for precisely that reason, to see some of old Arabia, so much of which in Cairo has been covered with a veneer of western sophistication.

Sana'a, in the middle of a plateau more than 2,000 metres above sea level, is part of what the Romans called Arabia Felix: happy because it was fertile and well-watered. The lowlands around the mountain range are desert, their tribes nomadic, but the hill people are sedentary, their settlements ancient. According to tradition, Sana'a, for instance, was founded by Noah's son Shem. Ethiopians and Persians, Haroun el Rashid from Baghdad, the Egyptians and Turks all came here at some time, although they have left little to remind the untutored eye of their presence. What remains is Yemeni. We saw two parts of Sana'a – the new, much of it built in brick and breezeblock, a drab place quickly passed through, and the old city, which we entered through a great gate set into high, bowing, mud walls. Beyond the gate we stepped into the other world.

The suqs, a series of rubble-strewn narrowing lanes where the air smelled of cardamom, were roughly divided into areas for different produce, where one row of step-up stalls sold brilliantly-coloured silks and cotton from India and Thailand, another saffron, ground coffee, red pepper, built up in cones, the traders sitting cross-legged between the sacks. A cutler had set up his grindstone to sharpen jambiyas while a shabbily-dressed man stood near him and offered his own dagger for sale. The lanes were full with people pushing, calling, complaining, but somehow the old men in brightly-coloured turbans managed to pass unhindered. Wherever we went, we attracted attention – Sylvie in particular. "Sadiq," friend, they called to her, for their own women were hidden beneath yards of fabric, bright bundles hurrying along the alleys, not to be approached.

There was too much noise, motion, smell, to record it all – imagine the suqs of the Orientalist paintings and you will have an idea of it. Beyond the suq, between the tower houses built of stone, brick and mud, it was more calm. Intricate designs decorated the facades, the windows were framed in gypsum and set with blue, red or green glass. Each time I looked, the houses were different, altered by the tricks of harsh light and shadow. Even here there was too much to see: a harem window, women's faces – a row of six pointed stars, the Star of David in a country which reviles Judaism – an exotic private garden – children making toys out of discarded plastic bottles. While we were standing at a cross-roads, imagining the scenes inside the houses, a young man came to say hello and invited us home for tea.

The young man was called Mohamed Abdallah Dalaal. He had a quiet manner and said little as we crossed the road to his tower house – 15th century – went in through an old wooden door, across a yard and up three flights of cool, stone steps. We knew enough to leave our shoes on the threshold, but inside everything was unfamiliar – high ceilings, rugs on a tiled floor, almost no furniture, a few storage niches and mattresses along three walls.

Here we found four men chewing *qat* leaves, a narcotic plant unlike any other, their discarded branches piled up in front of them. Mohamed, like a good host, selected choice leaves for me until I had built a small, uncomfortable wad in one cheek. The others were more familiar with this process and their faces were almost laughably distorted.

Qat is the afternoon, after work drug of Yemen, supposedly an aid to meditation; I was assured that the President provides it at all of his meetings. The men talked about Islam and manners – "at the heart of manners and behaviour," said one, "is the dream among dreams, the great spirit." I don't know if I was lightheaded from the drug or from what I was seeing, but either way I wasn't on their level and as we found the juice oozing from the leaves very bitter, we only stayed long enough not to offend their hospitality. When we left, Mohamed insisted that we return the following day. But each day was another story; we were *travelling*; we encountered the unfamiliar and unexpected.

WE had wanted to visit Ma'rib, the main archaeological attraction, with its ruined dam, wonder of the ancient world, once home of the equally wonderful Queen of Sheba. But to travel anywhere in the republic, one needs a permit and the government official explained that Ma'rib was closed; we heard later that the desert tribes were fighting.

Instead we went by bus across the mountains to the south, stopping at a *qat* market outside Sana'a so that passengers could lay in supplies. Even the driver got out and after that drove with the steering wheel in one hand, a bottle of water in the other and a bag of fresh leaves in his lap. He played a tape of music from the region and the persistent plucking of a lute accompanied us across the ranges, beside deep green valleys, beneath peaks whose slopes were terraced a thousand or more years ago, where coffee once grew, where *qat* now provides a quicker profit.

The driver was still chewing when we got out at Ibb, where Chinese labourers were building new roads, blacks lived in shanties and rain fell out of a scarlet sky for half an hour.

Our hotel room was small, with just enough space to unroll a prayer mat. (There was an arrow on the wall, pointing towards Mecca). In the evening, hungry and cramped, we promenaded through town, as we might have done on the Riviera, passing the metal doors of windowless dormitories where a few dozen men were settling onto their bunkbeds – their stares still trouble me – past cafes and smoking houses, again all men.

In one of the cafes, where the cook worked with a couple of gas rings and a can opener, we ate fava beans, an Egyptian dish, curiously imported from Korea. They were served with garlic, spices and bread, to be eaten with the right hand, the left one being impure, an aid for ablutions. The food tasted good, as did the bottled water, but inevitably we ended that day by remembering Flemish *hutsepot*, pastis and Yorkshire pudding.

The taxi we took in the morning had a bullet hole in the windscreen and the glass creaked as we covered the eight, uphill kilometres to Jibla, the end of this particular road. Nine hundred years ago Jibla was the capital of the highlands with the rare distinction for a Muslim state of having a female ruler. Now it is a quiet, enclosed place, in contrast to Ibb, with broken streets that might not have been paved since the old queen's days.

Life seemed harder there, houses rougher, the suq a twisting alley where vegetables, eggs, *qat* of course and grasshoppers were on sale. The old men tottering up the slope looked fantastically dignified, their slow movements and watery eyes suggesting that they still looked to a time before the 1962 revolution and a way of life that owed nothing to industrial or technological progress.

The village schoolteacher, Qasim, a young, earnest man, invited us to his house – 13th century – where he served us tea and showed us photographs of the foreigners who had been there before us, although we were more attracted to the view from his window of the beautiful, bucking landscape across the valley.

He took Sylvie off to the women's quarters to meet his aunt, leaving me in the reception room, my elbow propped on a cushion, a cigarette in hand, until he came back to talk about village life (his), city life (mine, in Cairo) and the price of whisky. Later we ate lunch, with his uncle and cousins, from a single bowl on the floor of the family room while the women worked, unseen, in the kitchen, still veiled, although to Sylvie the aunt had briefly shown her face, young, beautiful, decorated with bright orange shadow, already a mother of five.

THIS was part of the old Arabia we had hope to find: there was a sense of community here that we had not experienced before – a loudspeaker on the windowsill for celebrations, a sadness expressed for a young man across the alley who, just an hour before, had shot himself for honour or love. Motor vehicles still stop at the bottom of the hill; change comes more slowly to Jobla.

We went by communal taxi to Ta'izz, the country's second city, to see the palace of the last Imam, preserved as it was when the revolutionaries entered it on September 26 1962. The sign outside the palace, now a national museum, explained that it has been preserved as a reminder of the Iman's wealth, and therefore corruption, a justification for his overthrow. But it seemed a sad place to us, a fifth-rate palace, shabby, too human . . . we almost felt sorry for the old dictator.

If the museum represented how things used to be, then something we saw before leaving Ta'izz could stand as an image for how things are now. Beside the road leading to the old city, an old man with orange beard and luminous eyes spread out his rug on the pavement, sat down and began to beat his drum. Never mind the trucks rumbling past, the shopkeepers calling out, the business going on around him. When he was ready, he began to recite a story, an old one about impossible love. The words were faint above the street noise but anyway a crowd of Yemenis gathered around and even though they had probably heard it before, they were absorbed, patient, standing there between the old and new cities.

After the highlands, the coastal plain was too harsh for us. We hitched a lift with a whisky smuggler and drove down to the *Tihama*, the hot lands where huge shafts of granite have ripped through the base of the semi-desert and released a smell of burnt earth which we associated with Africa. The sun was searing, the air uncomfortably humid. The rule of government felt weaker here, as it must do across the mountains in Ma'rib where the tribes were still fighting.

We hurried into Mocha, past tribesmen with Kalashnikov rifles waiting for something to happen, and saw the ruined mansions of the traders who first sent coffee to the west. We saw the brilliant blue-green waters of the Red Sea and the market at Bayt al-Faqih, which has taken place every Friday for a few hundred years. Still each day another story – by now, we were exhausted by them and with some relief climbed up the green hills, into the fresh air, back to what we now appreciated as the comforts and sophistication of cardamom-scented Sana'a.

TRAVEL

Land of dust and diamonds

***Jonathan Hollins** on the isolated and timeless town of Lüderitz*

BLASTED BY sand and sea, the German Imperial town of Lüderitz, in Namibia, crouches in the belly of her solitary bay like a frightened cur. Atlantic rollers explode along the foreshore, flecking the walls and windows with spume and moistening the streets with briny droplets. Encysted on the south-west littoral of the African continent, beleagured by the elements and isolated by whims of man and nature, Lüderitz is a place imbued with a sense of timelessness. A single road and railway track furnish a link to the nearest town 220 miles away.

Such is the price of man's avidity. It would be hard to imagine what could have induced so many settlers to leave their rich European homelands. But the sea and the sand harboured unimaginable wealth, which, unleashed, catalysed the emergence of a small but prosperous economy. In Lüderitz, whalemen rubbed shoulders with guano diggers and diamond hunters. It became not only a boom town but a gateway to the interior and in due course the mother town of Namibia, formerly German Südwest Afrika.

The story of Lüderitz is the stuff of novels. Initially, the bay became known as an anchorage, a haven for storm-pressed shipping, one of few upon a very long, very treacherous coastline. In 1487 Bartholomew Diaz, the bold but God-fearing navigator, tacked his three caravels through the tight-lipped mouth of what is now Lüderitz Bay. He dubbed the coast the Sands of Hell.

Today, the bones of many subsequent mariners lie buried in those sands, along with their ill-fated ships. It has truly earned its contemporary name, the Skeleton Coast. Diaz planted a cross on a rocky headland south of the bay, hoping perhaps to sow a seed of Christianity in a farflung corner of Hell.

I arrived in Lüderitz late at night. The majestic Lutheran church dominated the town from the flank of Nautilus Hill, tall and gaunt under pale floodlight, a beacon for the godly. To one side and below stood the old magistrate's residence, a fine building in classic German Imperial style: wood-trimmed gables, balconies and red-roofed turrets sloped to shed the snows of a Bavarian winter.

In the main streets flamboyant Teutonic facades, now chafed and peeling, betray a former prosperity that no longer exists. Lüderitz is a time capsule of the German colonial era, and it owes its existence to the very features that intern it: the sea and the sand — the sea rich in fish, the sand rich in diamonds.

As I trudged across the sand towards the ghost town of Kolmanskop, brandishing my "Permit for Diamond Area No. 1," I reflected on the fate of Adolf Lüderitz. A tobacco-trader from Bremen, he purchased the bay with its surrounding territory from a local chief, Joseph Fredericks, for £100 and 200 rifles, and then established a small trading store — cheap at the price, for he had unwittingly bought one of the richest diamond fields in the world.

It is rather ironic that his hopelessly unprofitable enterprise ruined him. One wonders how often Lüderitz trod diamonds into the sand as he toiled across the desert to trade with the Hottentots. Finally bankrupt, he persuaded Otto von Bismarck to place the territory under German protection, and was subsequently drowned off the Namib coast.

At Kolmanskop alluvial diamonds were both plentiful and accessible. Sepia photographs depict chains of natives strung out across the sands on their hands and knees, while armed colonials oversee from horseback.

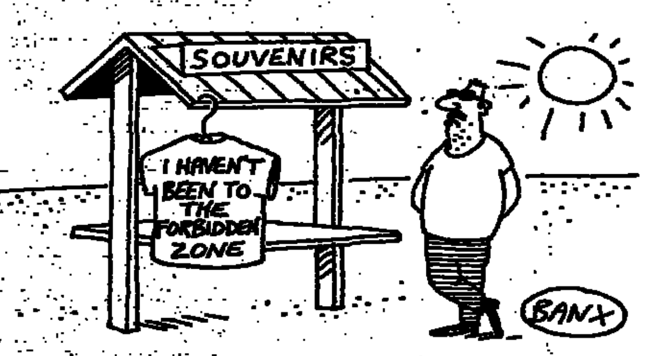
I merged with a tour guided by a German with skin the colour and texture of a pickled walnut, and we inspected the accommodation blocks, the bakery and the post office, the bierkeller, and the concert hall where the dunes had advanced across the auditorium.

We tossed bowls at skittles and sang Wagner on the stage. The guide spoke of his childhood in Kolmanskop, and then the coming of the war and the British internment camps, peppering his monologue with anti-semitic jibes, referring to a cash register as a Jew's Piano. A time capsule in more ways than one, I mused: shades of Nazi Germany.

From the riches of the sand to those of the sea. I hired a car and drove out around the bay to Diaz Point, where a brilliant red and white lighthouse stands sentinel over a replica of the cross. Set offshore and lashed by the Atlantic, the cross breathes defiance, arms outstretched like a martyr before the pyre. It feels appropriate; a more godforsaken place is hard to envisage.

Discernible across the bay through the surface haze, the low, whale-backed profile of Halifax Island recalls another saga. It is — or was — a guano island. Guano is bird excrement, but it is also a fertiliser of the finest quality, a rich if somewhat pungent cargo that men were once willing to brawl and die for.

Halifax Island is now a penguin sanctuary. As I watched, its silhouette was swallowed by a fog bank. For a hundred nights every year fogs roll off the chilled waters of the Benguela Current and sustain a brittle ecosystem along a narrow coastal belt.



Man once had his niche here. The strandlopers used to walk the foreshore surviving on the sparse offerings cast up by the sea. And the closely related bushmen would wander from coast to inner desert, relying on their instinctive ability to hunt and track, to find desert tubers and to relocate secret sipwells or caches of water-filled ostrich eggs.

I drove back to Lüderitz via the ruins of an abandoned whaling station at Shearwater Bay. Rust-caked boilers lie nearby, once used for reducing flensed blubber to oil: sinister memorials to man's predatory nature.

Not far north from Lüderitz at Agate Beach, where the dunes roll down into the sea, I confronted a prominent yellow sign. It was something I had come to see: the Sperrgebied — the Forbidden Zone. The town's isolation is more than just a natural phenomenon. It is also man-made, for Lüderitz is incarcerated by the very hand that reared it: by the alluvial diamonds and by Consolidated Diamond Mines (CDM) which controls them.

To protect the diamonds, the whole of the surrounding territory was proclaimed Sperrgebied. Lüderitz lies at the heart of a small enclave, a playground for the townspeople hemmed in by the strictly-upheld CDM boundary.

A CDM Toyota broached the crest of a dune and slid to a halt in the sand beside me. A thick-set Afrikaaner leant out. "Hey, man," he said. "You can be locked up if you go in there." I nodded. The penalties for straying into the Sperrgebied were almost legendary; it was tantamount to heresy.

He gunned the engine and sped north along the beach to a small tented encampment. It was rumoured they had discovered a rich deposit of diamonds. No wonder, I pondered, that everyone in Lüderitz seems to walk with his head down.

Dusk. I climbed Nautilus Hill to watch the sun plunge into the Atlantic. I gazed over the rooftops of the town, across the railway and harbour with the fishing fleet snuggled neatly in the lee of Shark Island, to the coast beyond.

Lüderitz and the bay spread before me, a town of resilience unbeaten in spirit, although a fading mosaic of its former self. But with Walvis Bay, the only other port of any size, destined to remain in the hands of South Africa post independence, the role of Lüderitz as gateway to the interior may be resumed. Perhaps, in time, it will prosper again. Or perhaps it will become a memorial to man's tenacity in the face of appalling odds. The ghost town of Kolmanskop seems to beg the question.

Sultry Sumatra, where even the leeches can be forgiven

***Andrew Anderson** gets bitten by the delights of a diverse island*

REAL MEN don't squash leeches. When a *Hirudinea* the size of the Graf Zeppelin is crawling up your thigh and about to bury itself in your groin, Real Men are meant to light a cigarette and burn the blighter to death, then stride on through the jungle with a stiff upper lip.

I am not a Real Man. When the leech bit me I screamed, hopped on one leg for a while and then hit it with my zoom lens, splattering it into a crimson blob and ruining a pair of white socks. Leeches, however, are among the rightful owners of a jungle landscape; and in a jungle landscape as beautiful as that of northern Sumatra you can forgive almost anything, even blood-sucking.

A drawn-out thread of an island, top-heavy with volcanos to the north-west, sulking in swamps to the south-east, 1,100 miles long and up to 270 wide, Sumatra has mountains, jungles, rivers, charming people, a diverse tribal culture, noisy-rotting hotels, low prices and ludicrously bad driving. Indeed, Sumatran public transport makes an Indian bus trip seem like a Sunday school outing. The roads also suffer from the climate, summed-up as the rainy season and the not-quite-so-rainy season (roughly May-September), which can carry off entire stretches of tarmac in torrential downpours.

Landing in the smog-ridden northern city of Medan, my wife and I failed at first to find the bus station amid a cloud of petrol fumes. No matter: the bus found us. Hordes of battered mini-buses, horns blaring, are manned by "conductors" who hang off the sides screaming their destination and scooping up passengers.

Soon, we were ensconced in a purple-and-rust contraption hurtling towards the mountain resort of Brastagi, 5,000 ft up towards the north-west, an outpost of the Karo tribal people. My wife sat directly beneath a loudspeaker blaring out Indonesian and Western pop tunes while I struck up a conversation with a young Sumatran who, 30 seconds later, fell snoring into my lap for the rest of the two-hour, 25-pence journey.

Eventually, the bus squelched to a halt in a muddy street lined with rag-bag shops and restaurants. The conductor pointed to a particularly muddy stretch and grunted "Brastagi," and the bus roared off. Lowering clouds covered a ring of mountains; greenery filled the lower slopes; huge trucks thundered by in a shower of grime; the rain came in torrents. We sloped off for a beer; then, the chief of police came into the restaurant and decided to adopt us.

Mr Pelawi owned a small police post, a mini-bus, a walkie-talkie and a wide smile. He knew all the hotels and the guitar-owners knew him. He knew many guides. He had many friends who played guitar. He would like to be our friend. Oh yes, we thought: how much? Shame on us. Every Sumatran we met was charming and scrupulously fair: the prices we were quoted matched up, by and large, with Bill Dalton's indispensable *Indonesian Handbook* (Moon Publications, £14.85) and were so low, anyway, as to make bargaining pointless.

We piled into Mr Pelawi's mini-bus and drove to the Bukit Kubu Hotel, a Dutch colonial-style edifice surrounded by blinding flowers and a nine-hole golf course. The sun came out, revealing a live volcano towering over either end of the town. A double room was Rp27,000 (£9), with a round of golf costing £1 per person (caddy £1 extra). The room was large and clean with its own bathroom and an erratic electricity supply: every time you wanted to do something interesting, all the lights went out. We were hooked.

That night, as we sat stuffing ourselves with beer, satay and *gado gado* (fried vegetables in peanut sauce), a blind guitarist sang Karo folk songs to the dozen guests. The head-waiter giggled and began to dance, Karo-style (like Balinese, but more graceful); the guitarist encored with *La Bamba*, and our waiter brought us a bill for £4. We stumbled back to the room through a miasma of bougainvillaea scent — and all the lights went out.

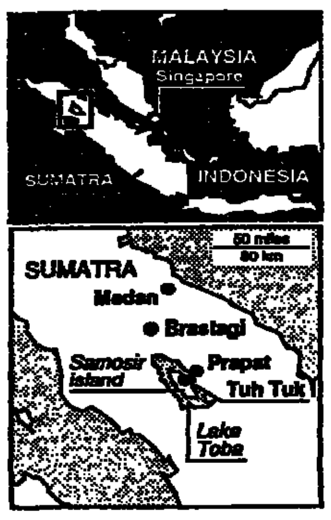
Next day, Mr Pelawi, Badminton (our guide) and Marlon ("as in Brando, no?"), Mr Pelawi's ace guitarist friend, came to call. We visited a Karo village with its extraordinary A-framed stilted homes, built in teak and housing up to a dozen families in one unpartitioned room. Here the Karo, a small, wiry people, are conceived, live and die — the lack of privacy is said to contribute to their open nature.

A Karo girl in Sumatra: families live, love and die in one room

A toothless crone beckoned us into her home. It was dark and smoky, generations of spider's webs catching the sunbeams glancing through the roof. In one corner, a quite beautiful girl stood combing out hair that hung below her waist. Chickens clucked; tiny children peeped from behind rough blankets. Outside, on either side of the open doorway, were straining handles which women in labour used to grasp while giving birth; the villagers gathered beneath to offer encouragement.

We drove off in Mr Pelawi's mini-bus and visited some sulphur springs. My wife dipped her feet in the milky waters and came out smelling like a fried egg. Mr Pelawi demonstrated his walkie-talkie and Marlon sang *La Bamba*. Next day, we were to climb the volcano with Badminton.

If Bukit Kubu made a fair stab at Heaven, Gunung Sibayak did a good impression of Hell. The road to Hell proved a steep one: a three-hour slog to 9,000 ft via a muddy, root-strewn path through steaming jungle slashed with wild passion flowers and great stands of bamboo. Up above the cloud line, the stench of rotten eggs covered all. Great volcanic vents torn in the rock hissed and steamed and belched canary-yellow clouds of sulphur.



Leaping in and out of the steam, like minor devils, were migrants from Java who carried 40 lb sacks of sulphur on their shoulders from crater to town gardens. Ragged clouds whipped around the summit rocks; far below, emerald forests stretched to the horizon. The way down was by 3,000 rough-hewn steps, agony to the ankles. It was time for a taxi.

Our taxi was an ancient Chevrolet driven by Robert, who took us to Samosir Island in the mighty Lake Toba: a volcanic, inland, fresh-water sea ringed by mountains which gave a stunning succession of views as we hurtled down pot-holed roads. Samosir, after Kathmandu and Goa, was once a hippy enclave. But all the hippies are now managing software companies and Tuk Tuk, the most "developed" village, offers such luxuries as running water and comfortable rooms in Carolina Cottages for about £7 a night.

Samosir is a stronghold of the Batak tribe, former head-hunters who had an interesting attitude towards age concern: when their parents got too old to work, they ate them. Missionaries came at the turn of the century but the Batak ate them, too. One Batak curse runs thus: "I pick the flesh of your relatives from between my teeth!" Eventually, they were calmed down and took up chess; a Batak peasant managed to stalemate the Dutch world champion in Medan's Grand Hotel in 1939. Now, they just eat *gado gado*, along with everyone else.

Tuk Tuk proved a paradise of sloth, with little to do except read, stroll along the lake shore and admire the views. We hired motor-cycles and struggled up muddy roads, which revealed staggering vistas round every corner, and ate in cafés watched only by a solitary rat. In Prapat, on the mainland lake shore, we stayed in a modern, near-empty hotel and ate lunch in a vast and gloomy restaurant.

In a dark corner sat a man bearing a startling resemblance to the late President Marcos; it was the sort of place in which characters from an Ayckbourn play indulge in deep and meaningful conversation. "I'm still hungry," said my wife, and so we had dinner in Prapat town, which was cold and rainy and a bit like Weymouth in winter.

It was time for more adventure so Robert drove us to an orang-utang reserve nine hours away called Bukit Lawang, in the north on the edge of the Great Leuser National Park. Bukit Lawang proved to be two ramshackle lodges built around a river.

We trekked through dense jungle in the company of an affable young man who, a century ago, would have been a warrior but who now played *La Bamba* on his guitar. We watched orang-utangs being fed by hand. We feasted on fresh pineapple and passion fruit. And we rode inner tubes down the rapids of the rain-swollen river, a pursuit so exciting and foolhardy that I made my wife do it again while I took photographs with which to alarm her mother.

■ *Trailfinders (01 938-3366) offers a one-way KLM flight direct to Medan for £281 low season; £308 high season. Garuda Indonesian Airlines flies to Jakarta with an add-on flight to Medan. The price, including the Medan leg, varies between £880 and £970 depending on season. SIA flies to Medan via Singapore (£80 return); London-Singapore return is £650.*

MOTORING/GARDENING

Quattro continues to rule the road

***Stuart Marshall** spends an exhilarating week with Audi's sure-footed 10-year-old*

THE CAR of the Year, chosen by a jury of European motoring writers, is the Citroën XM. And the car of the Eighties, drawing fast to a close? My vote goes to the Audi quattro. It was not the world's first regular production car to feature permanent four-wheel drive but it *was* the first intended for use on normal roads, not across country.

My introduction to the quattro was in the snowy foothills of the Jura nearly 10 years ago, when it made its debut at the Geneva motor show. I wrote then that it was a watershed in car design: a vehicle that made all the conventional rear-wheel driven super-cars of its day seem old-fashioned, over-priced, or both. With a 200-horsepower, turbo-charged five-cylinder engine under its bonnet, it combined tigerish performance with ease of driving. The quattro showed that putting the engine's power onto the road through four driven wheels had a wonderfully calming effect on a potent beast.

A car is only as good as its grip between four shoe-sole sized tyre contact patches and the tarmac. Ask the tyres to transmit too much power and their grip breaks. When they spin, they lose lateral grip as well as traction. A rear-drive car slews its tail sideways; a front-drive car ploughs straight on. But driving that original quattro in 1980 was a revelation. At best, the conditions would have had most high-powered, two-wheel driven cars tip-toeing along; at worst, sliding into the ditch. But the quattro always went the way I pointed it.

I stopped it on a steep, dirt-surfaced slope. It re-started as though on level ground. On snowy gradients that would have brought two-wheel driven cars to a standstill, it just kept going. Cornered very fast, it always retained an Olympic gymnast's balance.

Since then, the world's motor industry - and especially Japan's - has taken up permanent four-wheel drive for road-going cars. And every Audi model – from the 80 at £15,172 to the V8, which will cost just under £40,000 when it arrives in Britain early next month – has quattro transmission as standard or an option.

The car that started it all, the two-door, turbocharged coupe, stays in production. Audi had planned to phase it out a year or two ago but, to much acclaim from well-heeled on-road, all-wheel drive enthusiasts, decided to keep it going. More than 10,700 have now been made.

Outwardly, it has not changed all that much. In looks, it continues to have a lean, athletic angularity and it remains a reasonably roomy four-seater with a fair-sized boot. But under the body are the fruits of 10 years of development, spurred on by the emergence of rival fast 4x4s.

I have just spent an exhilarating week with the latest quattro (pictured above), powered by a 20-valve development of the original five-cylinder engine. It is turbo-charged and inter-cooled and, having twin catalytic converters on the exhaust system, runs only on unleaded petrol.

Despite the catalysers, its output has gone up to 220 horsepower. Even more significant is the increase in torque (pulling power) which reaches its peak at a very modest 1,950 rpm. That makes for relaxed driving, with fewer gear changes and lightning response from low speeds.

Audi says the top speed is 143 mph (230 kmh) and that the quattro leaps from a standstill to 60 mph (96 kmh) in a shade under six seconds. I believe it, although neither figure has any relevance to everyday motoring.

More to the point is its ability to master every kind of road condition. Coming off a motorway, you find it takes a curving slip road safely and steadily in the wet faster than most cars would in the dry. Hard acceleration brings not a squeak from the fat Pirelli 700-Z tyres.

Town driving is not, perhaps, the quattro's forté. The clutch is reasonably light but the gear-shift is, shall we say, on the meaty side. A high rear window line restricts visibility; you squeeze into parking bays with the aid of the outside mirrors and dead reckoning.

But this is forgotten and forgiven when you reach what passes for the open road nowadays. The quattro is so sure-footed that its full potency is exploitable in conditions that would make soft-pedalling prudent in two-wheel driven cars of similar power-to-weight ratio.

The ride is firm and there is a great deal of tyre noise – but this is, after all, a sports car, not an executive-class saloon.

The driving position and the location of minor controls are excellent, although the instrument panel is offset strangely in relation to the small, leather-covered steering wheel.

Price of the latest 20v quattro is £32,995, which includes ABS brakes, leather-faced seats, power steering and windows, heated door mirrors and aerial, and a top-quality radio/stereo cassette player. The heated front seats, also part of the package, have been bliss in the cold spell.

Britain has always been the best export market for the quattro coupé, with 2,400 sold so far. The queue of intending buyers shows no sign of shortening.

. . . but Toyota is coming up behind

ONE OF THE quattro's many rivals is the new Toyota Celica GT4, which will be reaching Britain early in the New Year.

It has a four-cylinder, 16-valve, two-litre engine, turbo-charged and inter-cooled and producing 201 horsepower. The drive goes permanently to all four wheels through a smooth five-speed gearbox.

There is also a front-wheel driven version of the Celica with a 154-horsepower engine. They look much the same although the GT4 has wider, 50-series tyres and an aerodynamic spoiler

At least, the German-registered Celicas I drove last week in the south of France were equipped in this fashion (although indications are that the British importer, Toyota GB Ltd, will probably have the spoiler on both types).

Prices have not yet been fixed but will be in the region of £17,000 for the front-wheel driven GT and £22,000 for the all-wheel driven GT4.

The styling, Toyota says, is "humanistic [by which it means warm] and sexy." I liked the new Celicas from the front.

From the back, I thought the curves were overdone; they look as hippy as an overweight American tourist in stretch polyester trousers.

The interiors are tastefully modern, with the meticulous attention to detail you find on top-quality Japanese electronic equipment. And they are pleasing cars to drive: fast and well balanced (especially the turbo-charged GT4), and sporty without going over the top.

After all, many buyers of cars like the Celica GT want sporty looks and lively performance but don't see why they should be uncomfortable on a journey.

S. M.

Border raids: when in doubt, cut it out

***Robin Lane Fox** takes a blade to his beds*

EARLY IN December, I am reminded of the *Weekend FT* reader who wrote to tell me that, ever since her husband died, she had buried herself in the garden. Now is the time for cutting down the border, crawling through the season's jungle and bringing lost inmates back to life. Somewhere, perhaps, we will find her, wrapped in pink paper and still clinging on below the top growth of the tall veronicas and the Bleeding Heart which needs to be cleared out.

Never has it been so dry for this therapeutic job: no rain, only fog, for about a month. Dead montbretias come down with a crackle. There is no need to worry about compressing the soil by treading on it. Conditions have been cold but perfect and I cannot agree with those gardeners who leave everything uncut until February, extolling the beauty in beds of dead stems. Their blackened Michaelmas daisies look miserable in any weather and dead phloxes are no better; once you have started cutting them, it looks odd to leave a few neighbours – rusty sedums, perhaps – in the hope that the frost and sunlight will play pretty patterns on the remains. I am all for cutting borders down, and the sooner the better.

It happens much sooner if you remember an obvious trick: set about the border not with secateurs or a hand-knife but with a good pair of edging shears, with which you can fell the dead stems on each plant in less than a minute. Sloane-Wallies have even been known to use their electric carving-knives for the purpose.

Not so the less imaginative: I have just been watching two Youth Opportunity Programme workers clearing this summer's detritus for their council department. After pulling out the blocks of dead marigolds, they snipped away with pocket knives at the top growth of the dahlias and the catmint. Weekend gardeners would have done it in a moment, crunching their way through the clumps with a few firm clips.

Nowadays, there is further reason for pressing on with the job: the wallflower ploy. I owe it to another reader who sent me a photo of her border in spring when it was a wonderful carpet of mixed wallflowers, and others in summer when it was a thick jungle of irises, peonies, pale-yellow anthemis, deep-blue anchusa, and many other well-placed friends.

In November, she said, she packed wallflower plants into all the gaps her early cutting had revealed between the herbacious plants. Those that survived frost, snow and desperate pigeons never grew much larger than when she put them out and, by the next spring, they were flowering profusely. Their roots remained shallow and not greedy. In May, they could be pulled out as border plants grew in their place.

This ploy has quite changed my ideas of a border in spring. We have tried it three times now in the long border of my Oxford college garden, and next year's show ought to crown them all. Hitherto, we have been using a Persian Carpet mixture of wallflowers, sown late in May for the following spring, but its selectors must have been thinking of a particular type of carpet which I remember watching on the loom of a Moslem weaver just outside Kirman in 1978. Great events were happening all over Iran at that time of the Shah's unsettling, but the greatest event for my hosts was the imminent finishing of grandmother's carpet, which she had been weaving for the past four years.

It was a beastly thing. Foreshortened boars and tigers were preparing for combat round the margin and the central ground was a hot shade of mustard-yellow. Perhaps a wallflower-fancier bought it, because his Persian Carpet mixture is much too strong on yellow. This year, we are limiting our wallflowers to the two colours of white and crimson-red. It has taken a thousand plants to fill the gaps of a border that shows none of them in high summer. Early cutting gives you time to pack in the wallflowers and double the garden's season.

One or two families are best left with their top growth for reasons of safety, not beauty. I never cut "hardy" penstemons until April, believing the theory that the older stems help to shelter their root stock and that cutting encourages young growth to begin too soon. Similarly, the dead stems on fuchsias are best left alone and I also imitate cottage gardeners by heaping a mound of ashes over their middles in order to give the roots more shelter from frost.

Many more members of this family are likely to survive a sharp winter than gardeners appear to realise. This fact has dawned on me slowly through experiment in the 1980s and was confirmed this summer by the keeper of Leicester's botanic garden, who grows a huge collection of fuchsias in open ground in full sun and reckons more than 70 varieties are winter-hardy in the Midlands.

If in doubt about hardiness, leave the old stems standing. I suspect this treatment is the wisest for the white mallow, Lavatera Barnsley, which has proved to be such a spectacular hit. Plainly, it is capable of greater heights than when I first wrote about it in summer 1988. Already, my original plants are 6 ft high but I have never cut them back in winter, preferring to leave them with their stems intact.

Once you start the task of pruning, it has its own charm and momentum. Tall, dry clumps are the most rewarding victims, such as a forest of old delphiniums and, best of all, the stems of the thistly blue echinops. Late on a December afternoon they come down with a pleasant rustle, opening great spaces into which small columbines or salvias may turn out to have left their seedlings. The job absorbs you. Then, the moon starts to show and you go indoors wondering how on earth you found enough light to keep cutting so late in the day.

BRIDGE

THE LONDON Trophy flourishes under the sponsorship of Trusthouse Forte. Here is an excellent hand which occurred in the competition this year:

N
♠ 5
♥ A 8
♦ A Q 8 7 5 2
♣ K 10 7 3

W
♠ A Q 10 8 6 4 2
♥ J 4
♣ 8 6 5 4

E
♠ 9 3
♥ K 10 7 5 3
♦ 10 3
♣ Q J 9 2

S
♠ K J 7
♥ Q 9 6 4 2
♦ K 9 6
♣ A

With both sides vulnerable, South dealt and bid one heart. West pre-empted with three spades and North came in with four diamonds. Assuming that his partner had tolerance for his suit, South went four hearts and all passed. East decided not to double in case five diamonds might be a better contract.

West opened with the six of clubs. South won and returned the heart two to dummy's ace, West failing to follow suit. Discarding a spade on the king of clubs, declarer ruffed a club and then played the king of spades.

West won and switched to the knave of diamonds, taken by the king. South now ruffed his spade with dummy's last heart, cashed the ace of diamonds, ruffed a second club and cut adrift with a diamond. East, who was left with his four trumps, was forced to ruff and was in a hopeless position. Whatever he did, he could make his king and nothing else.

For this fine performance, the declarer received the prize for best-played hand. Note the removal of East's exit cards to force him down to just four trumps.

My second hand is from rubber bridge:

N
♠ 7 6 4
♥ 6 4 2
♦ 10 9 6 3
♣ A Q 9

W
♠ 9 5 3
♥ 5
♦ J 7 4 2
♣ J 10 8 7 3

E
♠ A K J 8
♥ K 10 8 7 3
♦ Q 8
♣ 5 4

S
♠ Q 10 2
♥ A Q J 9
♦ A K 5
♣ K 6 2

With North-South game, East dealt and bid one heart. South doubled and North said two diamonds. South re-bid two no-trumps and North, showing great partnership confidence, raised to three.

West began with the knave of clubs, won by the queen in dummy. Returning a low heart, the declarer finessed his queen (which held), switched to the six of clubs and, when West played low, finessed dummy's nine. A heart was led back and the nine was finessed. Then, crossing to the king of clubs, South took another heart finesse and claimed his contract with four hearts, two diamonds and three clubs.

The declarer played very well but West missed a chance to shine in defence. When South played the six of clubs, he should have inserted his 10 to destroy that extra entry to the table. South can still get home if he reads the cards perfectly. He finesses the nine of hearts, cashes king of clubs plus ace and king of diamonds, and throws East in with the queen of spades.

A video cassette, *Teach Yourself Bridge*, costing £14.45, is available. Apply to Milelogic Ltd, 7 Coates Hill Road, Bickley BR1 2BC – a Christmas gift for a beginner.

E. P. C. Cotter

CHESS

GARY Kasparov strengthened his position as the highest-rated player in chess history last week when he won the category 15 Investbanka tournament in Belgrade with an impressive 9½/11 – three points ahead of his nearest rivals, Ehlvest (USSR) and Timman (Holland).

Kasparov's Fide rating when the next list is published on January 1 is predicted to be 2,810 – 25 points ahead of Bobby Fischer's peak in 1971 when the American was winning candidates' matches by 6-0 scores.

Nigel Short – on paper, Kasparov's main rival in Belgrade – finished a dismal ninth, five points behind the champion. While he has fallen back, however, Julian Hodgson – his former boy prodigy rival of the 1970s – has been the success of the England team in the world and European championships.

Hodgson scored 3½/4 in the world event in Lucerne, the best England result. Then, he began with 5½/6 and brought off some elegant attacking wins in the world team contest. This week's game features an unusual formation well worth a try in club chess.

White: J. M. Hodgson (England).

Black: W. Schmidt (Poland).

Queen's Pawn (European team championship, Haifa 1989).

1 d4 Nf6 2 Nf3 g6 3 Nc3 d5. Black could transpose to the Pirc Defence by 3 ... d6 4 e4, but his earlier move order has foreshadowed a King's Indian or Grunfeld.

4 Bf4 Bg7 5 e3 O-O 6 Be2 b6 7 Ne5 Bb7 8 h4!?

The key psychological surprise. White's play so far has seemed to aim at rapid piece development rather than a pawn storm. This might explain why Black under-estimates the threats until too late; already, he needs to slow down the attack by 8 ... h5.

8 ... Nbd7 9 h5 Ne4 10 hxg6 hxg6 11 Nxe4 dxe4 12 Ng4! Re8.

Black has to guard against Nh6+ exchanging his key defensive bishop.

13 Nh6+ Kf8 14 Bc4 e6 15 Qg4 Bd5?

Here, Nf6 16 Qh4 Nh5 is the best and perhaps only chance.

16 Bb5 a6.

If c6 17 Be2 threatens to win the bishop by 18 c4.

17 Bg5 f6 18 Bxd7 Qxd7 19 Bxf6!

Decisive. White regains the sacrificed bishop with great advantage.

19 ... Bxf6 20 Qf4 Ke7 21 Ng4 Bg7 22 Ne5 Qe4.

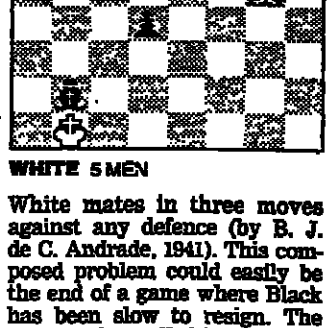
If Bxe5 23 Rh7+ wins the queen.

23 Qf7+ Kd6 24 Qxg7 Kc8 25 O-O Kb8 26 c4 Bb7 27 c5 bxc5 and Black resigned. White continues either 28 Nd7+ and 29 Nxc5 or, better still, 28 Rfc1 when Black is a pawn down with a hopeless position.

An interesting and unusual event next week is a four-game Infolink series between Deep Thought, the world champion chess computer, and David Levy, a Scottish international master and the leading expert on computer thinking at the board. Deep Thought's programmers will collect $5,000 if the machine wins, and the match at the British Computer Society is also in aid of the Royal London Society for the Blind. Deep Thought's last match proved a fiasco – but Levy is not Kasparov and DT will start a clear favourite.

PROBLEM No. 801

BLACK 5 MEN



WHITE 5 MEN

White mates in three moves against any defence (by B. J. de C. Andrade, 1941). This composed problem could easily be the end of a game where Black has been slow to resign. The answer is well hidden, and there is also a trap for solvers.

Solution Page XXI

Leonard Barden

A courtyard garden in New Orleans: charming but restrained

Flower power in Florida

UNTIL A FEW weeks ago, I had not thought that Miami, Florida, would make an excellent starting point for a winter garden-visiting holiday; yet, the possibilities should have been obvious. It is now an easy and relatively cheap place to reach by air, car hire arrangements are excellent and driving, except in the big cities, is easy. I shared the trip with my son and we covered more than 3,500 miles in a fortnight. We visited 14 gardens, made several day tours into the Everglades – and still found time for more conventional sight-seeing.

Without doubt, the most important garden we saw was the Fairchild Tropical Garden in Miami itself, although I nearly missed it because the guidebook I used, *The Traveler's Guide to American Gardens* (published by the University of North Carolina Press and available from the Royal Horticultural Society's bookshop at Wisley, Surrey) described it as containing a great collection of palms, cycads and bromeliads, about which I know little.

It would have been a ghastly mistake to be put off by that, for this is a large and superbly landscaped garden laid out to designs made in 1938 by William Lyman Phillips; he planned lakes and plantations of varying density to give just the right contrast of light and shade, open space and opacity. You don't need to know anything about palms and cycads to enjoy this place (although both are superb); there are a great many other beautiful plants as well as a most comprehensive catalogue.

Rather similar, but on a much smaller scale, is the Marie Selby botanical garden at Sarasota on the west coast. This was created privately in the 1920s but is now open to the public daily throughout the year. Its specialities are orchids, ferns and epiphytes living on the trunks and branches of the many trees, some of immense size, which give the place dignity and shape. It occupies a narrow neck of land with Sarasota Bay on one side and a little creek full of sailing boats on the other, and its creators have taken full advantage of these natural assets.

The most spectacular garden I saw was in Alabama, about 15 miles south of Mobile. It is called Bellingrath and its aim is to stun you with display. Chrysanthemums were at their peak when we were there, more of them than I have ever seen blooming together and displayed very well in formal beds, on balconies, along bridges, and in many other ways. More surprisingly, there were hundreds – perhaps thousands – of large bushes of golden-flowered cassia Corymbosa. Many, I was told, had been grown in a reserve nursery and moved into the garden early in autumn along with violet-purple tibouchina to add to the gaiety.

Camellias were just beginning to flower and azaleas would be taking over by February, followed by roses, allamandias, coleus, crotons, and a host of other brilliant plants for the later spring and the whole of the summer. This garden opens every day of the year.

In complete contrast were three charming courtyard gardens in the heart of the old French quarter of New Orleans. Here, nearly all the houses have lovely wrought iron balconies and these, as well as decorative verandas, feature in the layouts. All the gardens have been restored lovingly by the staff of the Kemper and Leila Williams Foundation, which maintains the Historic New Orleans Collection. The planting is charming but restrained, relying almost entirely on foliage from ferns, aspidistras, small palms and a couple of large evergreen magnolias. Pyracantha brings a touch of colour with its deep red berries, and the scent of osmanthus fragrans fills the air. Only one of these courtyards is open regularly to the public but the other two can be seen by arrangement.

Two other small gardens I enjoyed were at Key West, the southern-most point of my journey, but these surrounded their respective houses and were not enclosed within them. Both are in Whitehead Street. One is famous because it was planted by Ernest Hemingway when he lived there during the 1930s, the other was made specially to commemorate a visit in 1832 by John James Audubon.

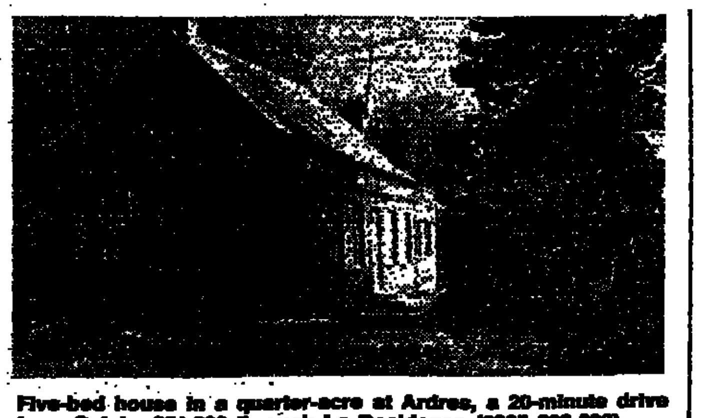
Judged purely by its design and contents, the Audubon garden is by far the better of the two, full of sub-tropical plants and trees disposed skilfully. But the Hemingway garden has a personal touch, including a degree of untidiness and haphazard planning that I found very engaging. There are also dozens of mongrel cats, said to be descendants of the 50 or so kept and loved by the great writer.

The most tranquil place I saw was Bok Tower Garden, which lay around a marble carillon tower on a little hill outside Lake Wales. It was planned in 1923 by Frederick Law Olmstead for Edward Bok, who asked him to create a sanctuary that would touch the soul with its beauty and quiet. The decision to build a tower came later and Olmstead surrounded it with a moat which, on one side, extends into an informal lake.

Skills similar to Fairchild are displayed here, with varying densities of planting to control light and shade, but most of the trees are native species. There is no great emphasis on rarity or botanical interest and everything is intended to please and soothe the eye.

Arthur Hellyer

PROPERTY



Five-bed house in a quarter-acre at Ardres, a 20-minute drive from Calais, £61,000 through La Residence (0895 622-020)

Cross-Channel queue grows

*France is attracting ever more UK buyers, says **John Brennan***

FOR DECADES, the British have been notoriously reluctant about buying British cars. In 1989, it could be assumed that this xenophobia has been extended to properties. As the sales particulars of unsold houses pile high in estate agents' offices across the UK, the sunnier southern coasts of Europe have been attracting near enough to their usual quota of British buyers. Falling values at home have taken some of the edge off sales on the Costas but France is quite a different matter.

The queue of those seeking manors and châteaux has been growing. Tales of cheap country properties have been combined with strongly supportive buyers' stories. These confirm that the natives are friendly and that the financial and legal aspects of buying a home in France are, if anything, easier than in Britain.

Faced with an influx of enthusiastic foreign buyers, the owners of old, unwanted rural properties react in much the same way the world over. The provincial French have contentedly been adding their barns and outhouses, oversized holiday homes and family property relics to the sales lists of agencies able to tap the new passion of British buyers to colonise the far side of the Channel.

At the same time, UK agents have been shedding their traditional reserve about trading such low-commission items as £15,000 derelict barns and £30,000 houses. With little else to keep the business ticking over, even a distant barn can seem a worthwhile sale. Add it all up, and the days when it was necessary to hunt out your own slice of France are long gone. French property "specialists" abound.

This should be warning enough. "Specialist" — at least when used in the context of residential property — can mean anything from experts through to well-meaning enthusiasts or incompetents who need to leap on the latest bandwagon to stay a step ahead of the creditors.

The incompetents are particularly plentiful in areas of any market where properties are cheap. When the bricks and mortar in the equation look to be a bargain, buyers' normal caution tends to go into neutral. That makes it all too easy to buy in haste.

Remember, though, that France has an average of 256 people for each of its 221,208 square miles against a UK average of 546 for each of its 113,676 sq. miles. Taking the nearest points of the two countries, that population contrast shifts from over 2/1 to nearly 8/1, with the tight-packed urban sprawl of south-east England just a ferry's ride from the largely rural west and south-west regions of France. In effect, there is no shortage of French country properties from which to choose — even if the "best buys" on any one agent's lists all have "sold" stickers across them.

There is, however, no reason to be pressed into a decision before making several trips to check if buying is a realistic proposition: for example, how long it takes to get there, whether there are any friendly neighbours to keep an eye on things when you're not there, and, if the UK-promoted "bargain" does, in fact, lie a few hundred metres from a property marketed purely locally that is just as appealing for two-thirds of the price.

One way to tap into the French local agencies' network is through the Andre Lanauvre agency (tel 01 499-0587) in London. Gunter Andre founded the agency in 1984 and has made contacts with around 100 agents across France — enough to keep his London list topped-up with more than 300 properties ranging from châteaux to barns for £9,000. As a sample of his list, a fully-restored and modernised seven-room, 15th century millhouse in four acres of garden at Lot, near Brive in south-west France, is priced at £205,000.

Ruislip-based agent La Residence (0895 622-020) concentrates on the immediate cross-Channel invasion areas, with 18 offices across northern France. Its lists include a modernised, two-bedroom Normandy farmhouse in a quarter-acre in the cider apple country near Vimoutiers, south of Lisieux, for £34,500. Those nervous of getting too far from the sea may fancy a six-bed quayside stone house at the fishing port of Barfleur, atop the Cherbourg peninsula, for £82,000.

If that is too modest, Martin Monk in Shrewsbury (0743-64108) has Toulouse Lautrec's old home, a 13th century Bordeaux château with a 50-acre Merlot and Cabernet vineyard producing 100,000 bottles a year, for £1.6m. If that is a touch too much for a country retreat, the agency's list ranges down to £8,000 barns in the Drome Valley.

The range of agencies now offering a service in France is becoming almost as broad as the choice of properties. That allows even the least energetic of travellers to spend an active winter planning viewing trips and trying to spot the difference in asking prices for the more notable châteaux and the more easily identifiable country houses on the different agencies' lists. Both exercises should prove rewarding.

Want a bolt-hole? DIY is the key

*How **George Bennett** joined the holiday-home club*

THE BEST WAY to buy a house in France is to go and do it yourself — or at least, that's our experience.

The office of Maître Marcel Pinel, the *notaire* who conducted the legal business for what the French call our *maison secondaire*, is in the heart of the Sologne, birthplace of the writer Henri Alain-Fournier, whose novel *Le Grand Meaulnes* got its name from the village where we bought our house. Michel Boudrant, our estate agent, explained that he liked to do business with local people, rather than use a big city-based firm. The local notary is much more likely to know about the history of the house, rights of way and any other snags. And the *notaire* works impartially for both sides in the transaction.

Meaulne has a church, boulangerie, charcuterie, wine shop, hairdresser, post office, an Alain-Fournier hall and 873 inhabitants — 879, including ourselves. It is in the centre of France, in the *département* of Allier, underpopulated, unpretentious, and just squeezing in on the northern edge of the Michelin Guide to the Auvergne. There are no memorable restaurants although our local pub, the Auberge du Cheval Blanc, does lunches for travellers on the route nationale D144, the old Roman Road from Bourges to Montluçon.

It was to the mediaeval city of Bourges, two and a half hours by train from the Gare d'Austerlitz, that we first went to seek a house. Michel Boudrant turned up at 9am in his Citroën outside the Hôtel d'Angleterre on a Saturday in mid-April. We bought direct from Michel's firm — a common practice in France. It meant that the house we saw had already been checked for any incumbrances — rights of way or inheritance problems.

It took a whole day to view just half a dozen properties for the distances are vast. Michel gave an enthusiastic commentary on the localities as he drove. We came to the great oaked forest of Tronçais — the oaks that had once built the ships of the French navy are now made into casks for Cognac. "Do you have such trees in England?" asked Michel. We do, but there is now not such an oak forest in the whole of the UK.

The house is just outside the village, within walking distance of the forest, and is very simple. "Two large rooms," was the estate agent's description, "an attic, some outhouses, 2,000 square metres of land." The *fermette* had once belonged to M. and Mme. Ribeaudeau, and they had kept goats, chickens, a Charollais cow or two, while living simply in the two lower rooms.

Home at last: the house the Bennetts bought

Across the road fields full of sheep led the eye up to the oak trees rimming the horizon. A field, a hundred yards long, thicketed with medlar, oak and a huge walnut tree, sloped gently back behind the houses. The price of the house was Ffr 185,000 — about £18,500.

In practical terms, it was as easy — easier maybe — to complete the deal than it would have been to buy a house in England. We signed the preliminary agreement — the *compromis de vente* — on May 16. At this stage it is usual to pay a 10 per cent deposit, but as we were seeking a 100 per cent loan the purchase was conditional on us obtaining the loan. It meant that we could not be gazumped but that we would have to complete within three months.

If a buyer defaults after the *compromis de vente* is signed the consequences can be serious. Normally any deposit paid would be forfeited and a purchaser can be held liable for any loss to the seller if the property is subsequently sold for less. Before we signed we had worked out how much we would have to pay in legal fees, land registry fees, local taxes and stamp duty — the total is normally between 10 and 12 per cent of the value of the property.

Completion was delayed when one London bank manager said the money would be all right, then found out that his French subsidiary wouldn't lend anything less than £25,000. A 95 per cent loan was finally secured on our London house through the Royal Bank of Scotland, so that the house in Meaulne would be ours entirely. If the mortgage had been secured either through a French or British bank on the property in France we would have had to pay considerably more in charges.

In the third week of July we took two certified cheques — one for the house purchase and one for the remaining charges — to Maître Pinel. His fees were 2.5 per cent of the purchase price. Local taxes and the land registry fee brought the total sum to *Ffr 18,360* francs.

Once the money was in the hands of Maître Pinel we were ready to sign the legal document making the property ours. Maître Pinel then sent us to the local insurance agent, M. Serge Pichon. An annual "multiprotection" policy cost us Ffr 519 — insuring the house locally has the advantage of having a man on the spot to assess damage and settle quickly. The house was ours.

A blaze of glory

__Clive Fewins__ keeps the home fires burning

ONE OF THE joys of moving to an old house is the possibility of discovering a long-disused fireplace. Only a person who has removed a mass of brick and rubble and several generations of later fireplaces to reveal an original cavernous gem can really know the feeling of satisfaction such a discovery brings.

I have been lucky enough to experience this twice. The first occasion was in the early 19th century cottage in Buckinghamshire that my wife and I lived in when first married. We revealed a simple but well-constructed brick "down hearth" with a metal band supporting a neatly-curved brick arch.

The second was quite different. We spent nearly three days removing the remains of five generations of modern fireplaces from a large recess in the early 17th century Berkshire cottage to which we had moved. We eventually revealed a handsome inglenook with brick pillars, a seat built into the stone recess on the one side, and the remains of a bread oven on the other.

We went about the task with a will, but not much forethought, feeling that if we discovered little of interest we could always fill in the hole again. But the correct way to start any exercise like this, according to Oxfordshire-based specialist John Ford, is to take a hard look at the job and try to find why the fireplace was sealed in the first place.

A former stone-mason, Ford has specialised in inglenook restoration for 20 years. According to Ford, the main reason why there are so many inglenooks still left to expose is because they smoked, or burned too much fuel, or they led to draughts and discomfort.

If you find an inglenook and do a good job you will end up with an attractive room feature. But if it is to work, with either an open fire basket or an enclosed stove, you may have to downgrade the standard of comfort and insulation you have come to expect.

"If you have a tightly-sealed property with a small room then the chances of making an inglenook work are much reduced," says Ford. "They were really designed for much less comfortable living, and the cottage dweller contemplating opening up an old fireplace must realise that success may well cost in terms of comfort."

What are the chances of success? Somewhere over the 95 per cent mark, says Ford — as long as you are prepared to have a smoke canopy fitted over the fire basket. Your chances will also be improved if you have a tall flue (the straighter the better) and use the fire regularly, thus keeping the chimney warm (an important factor).

If you opt for one of the increasingly popular multi-fuel enclosed stoves then the success rate is likely to be just as high. The alternative is to go for a non-working "feature fireplace." If you go for the "feature" option, never under-estimate the painstaking nature of the task. Giving an old brick or stone fireplace an "authentic" restoration can entail going to extraordinary lengths to find the right materials.

A typical example is lime for the pointing. On occasions John Ford has gone to specific quarries to obtain the right blend of freshly-dug wet lime that will make the colour exactly right. "It is details such as this that make the difference between a fireplace that looks as though it hasn't been altered for 350 years and one that has been exposed in an amateurish fashion and might have been better left uncovered," he said.

John Ford's advice is to attempt the job yourself, rather than employ a local builder. You may need the latter for the structural work, but brute force is the one quality not required for the sensitive finishing-off so vital in giving the end result a genuine sense of the vernacular. Advice can be obtained from the Guild of Master Craftsmen, 166 High Street, Lewes, East Sussex BN7 1YE. (Tel 0273-478449).

PROPERTY

The Old Vicarage at Down Ampney, Gloucestershire, where composer Ralph Vaughan Williams was born. Now converted into two houses, the southern portion is for sale at around £310,000 through Knight Frank and Rutley's Cirencester office (tel. 0285-659-771).

Little Aston Mill near Bourton-on-the-Water, a Grade I-listed building, is still for sale at around £750,000 despite having been on the market since the summer through the Chipping Norton office of Knight Frank and Rutley (tel. 0608-41914).

Going for a song in Gloucestershire

***Michael Hanson** examines the effect of the property slow-down on one of England's most desirable areas*

ESTATE AGENTS do not talk much of Royal Gloucestershire these days since Princess Anne and her husband, Captain Mark Phillips, announced their separation. Nor do they talk much about selling houses, except to claim that the market is still good at the top if sellers are willing to be realistic about prices.

Take the Old Vicarage at Down Ampney, about six miles from Cirencester. It was built in 1865 and composer Ralph Vaughan Williams was born there on October 12, 1872.

His interest in music – encouraged by his father, the Reverend Arthur Vaughan Williams, and his masters at Charterhouse, the leading public school – took him to the Royal *College of Music where his pro*fessor was Sir Charles Stanford; then to Berlin to study under Max Bruch; and, finally, to Paris where he was taught by Maurice Ravel. Yet, he remained the most English of composers, writing many choral works up to his death in 1958. One of them commemorated his birthplace with the tune *Down Ampney* to the words "Come Down O Love Divine."

It was this link with one of Britain's great composers that caused the Old Vicarage to be listed as a Grade II building, rather than the fact of it being designed by a minor and forgotten Victorian architect, E. J. Tarver. But the Williams family must have rattled around in this great rectory, for it was an 11-bedroom home until it was divided vertically into two separate houses a few years ago.

The southern half retains the reference to its ecclesiastical origins (which the Church Commissioners try to prevent these days when they sell old rectories; the northern half is called Pilgrims).

The Old Vicarage has its original chapel along with five bedrooms, *two reception rooms* and a conservatory as well as a mature garden of nearly three-quarters of an acre. For this, the Cirencester office of Knight Frank and Rutley (tel. 0285-659-771) is seeking offers around £310,000. Going for a song, you might think, in today's market.

Can the same be said for Little Aston Mill, near Bourton-on-the-Water? When the same firm's Chipping Norton office (tel. 0608-41914) put this on the market in the summer, it was seeking offers over £750,000. Still unsold six months later, the price is now said to be "around £750,000," which seems hardly enough of a reduction to generate a great deal of interest in the gathering gloom. Yet, at any other time people would have been falling over themselves to buy a water-mill that was mentioned in the Domesday Book, although the present building dates from only the 1400s.

Its history means Little Aston is listed as a Grade I building of special architectural and historic interest, although what normally would interest buyers is that the five-*bedroom mill house has been* restored beautifully while the former stable block has been converted recently into a one-bedroom cottage for staff or guests.

The mill is for sale with 10 acres of gardens and grounds, through the middle of which runs the original mill race. The wheel is still in working order and could be used to generate electricity, while you also get 660 yards of single-bank fishing in the River Windrush, which forms the boundary on one side. "This could provide some very enjoyable and productive trout-fishing," says the agent, seductively, but it admits that the waters have not been fished in recent years and no records are available.

If £750,000 seems expensive for a mill, what of Lechlade Mill, for which the London office of Savills (01-730-0822) is seeking offers "around £1m?" This Cotswold mill-house also is mentioned in the Domesday Book and has its original mill race (although not its wheel), 500 yards of double-bank fishing in the River Leach, and 6.5 acres of gardens and grounds.

Used as a corn mill until the 1930s, Lechlade is a Grade II-listed building with five bedrooms plus a three-bedroom miller's house attached and a separate staff cottage. Almost lost for words, the agents say it is "an exciting house" – but the fact is that, for £1m, a buyer can have his pick of houses these days, in Gloucestershire or almost anywhere else.

That houses are selling is shown by the Cirencester office of Lane Fox (tel. 0285-653-101) which has just achieved more than its guide price of £600,000 for Fretherne Lodge, near Frampton on Severn. This is a Grade II-listed Georgian house in need of some modernisation. It has stables, garages, and 38 acres of land with frontage to the river.

Other agents also report successful sales, although you cannot help noticing that the higher the prices, the longer many houses seem to have been on the market. Conversely, sales have been surprisingly good at the lower end of the market.

As Howard Palmer, of the Tetbury office of Humberts, explains: "Up to £275,000, we are having no problem agreeing sales. In fact, we have agreed more sales in the past three months than in any three months previously."

Even so, he admits that sales for the year are down 25 per cent in terms of volume and 15 per cent in terms of prices. But, he says, vendors have been persuaded to ask more realistic prices and buyers have discounted the effect of higher interest rates.

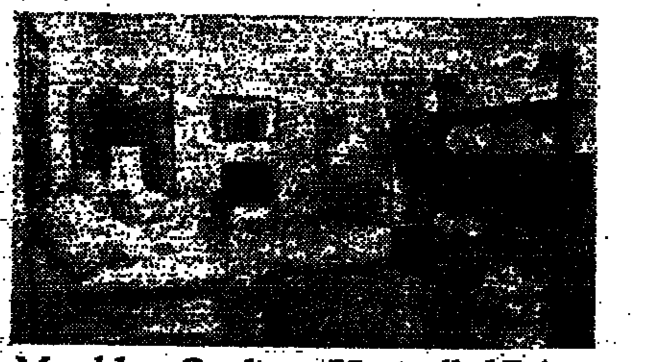
At Fairford, the Cirencester office of Hamptons Pocock and Lear (tel. 0285-654-535) is offering flats from £67,500 and houses from £110,000 in a development known as White Hart Court.

This is a conversion of the 15th-century White Hart Inn and three cottages around a courtyard, on the opposite side of which three new houses and two flats have been built, with gardens leading down to the River Coln.

For those who want to tackle their own conversion, the Stow-on-the-Wold office of Bernard Thorpe and Partners (0451-30731) has a barn at Hawling for £150,000 with planning permission for conversion to a house. Included in the sale are a paddock and the former vegetable garden of Oxlease House, a six-bedroom home that is being offered separately at £385,000. Offers over £500,000 are being sought for Oxlease House and the barn together, at which price Thorpe's Alastair Campbell anticipates "a great deal of interest." I hope he is not disappointed.

LONDON PROPERTY

CHARLES CHURCH



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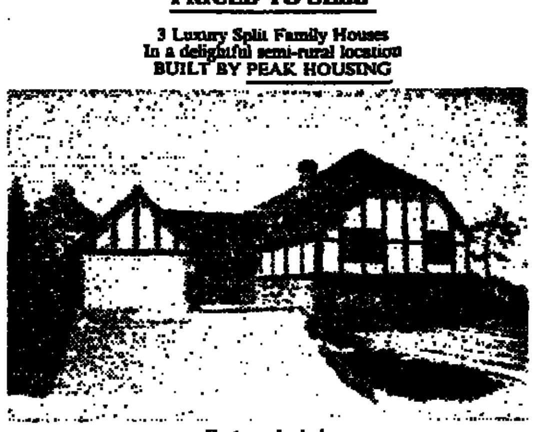

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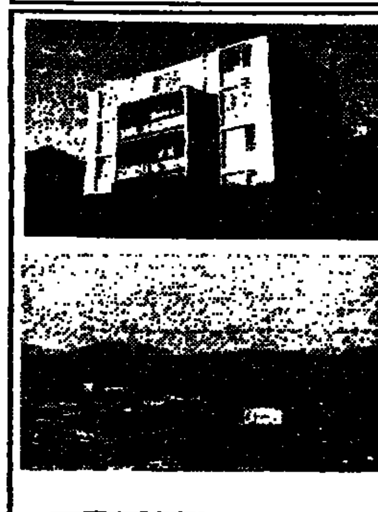

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FOOD AND WINE

The great and the good

Give yourself a treat this Christmas and splash out on some really fine wine, says ***Jancis Robinson***

THE OTHER day I had a bottle of Meursault from Coche-Dury, one of the village's best producers, and it was so delicious, so honest, so concentrated an example of what that appellation is all about that it shocked me. What is shocking is not this wine but the host of others sold under the same name – often at no less a price – that are puny, facile, cynical profit-generators.

The wine came from no special vineyard. It was a straight village wine labelled simply "Meursault 1986," bought for about £16 from Lay & Wheeler of Colchester as part of an annual allocation so small they don't even bother to put it on their list (and already exhausted, unfortunately).

Those of us who actually get paid to study wine-making form know that Coche-Dury is a magic name in Meursault, but it struck me that it must be infuriatingly difficult for those who want to lavish some really fine wine on themselves or others to crack the code. Here, therefore, is a personal selection of the great and the good:

Champagne: As we found in last year's FT deluxe champagne tasting, the Dom Perignon 1982 is a triumph. It is still attractively taut – possibly even more so, unexpectedly, than the fabulously opulent Krug 1982.

These wines are quite widely available from fine wine merchants for about £45 a bottle, although Krug Rosé would be even more chic (£55.20 from Corney & Barrow, London EC1). Krug Collection, one of its limited-release older vintages, would be even more delicious (from Fortnum & Mason, Hungerford Wine Co, Lay & Wheeler, Laytons of Midland Road, NW1 and Yorkshire Fine Wines). Like Bollinger's Vieilles Vignes Francaises Blanc de Noirs 1982 (listed at £92.09 by Willoughbys of Manchester, which has an exceptional champagne range), Salon Le Mesnil is another insiders' champagne. The 1979 is only £31.50 from The Winery in W9, but Willoughby's still has some of the riper 1976 at £35.89.

Bordeaux: Most Bordeaux chateaux are clearly ranked and relatively large, so it takes no inside knowledge to track down a first growth. What can be extraordinarily difficult is to find a single bottle of mature wine (from anywhere, not just Bordeaux). La Vigneronne, SW7, and Reid Wines of Hallatrow, near Bristol, specialise in the oddments we all want to drink, rather than wine by the caseful which suits wine merchants to trade.

Just a handful of Bordeaux properties are so hot and so small that allocations are fought over, most of them in (unranked) Pomerol: Châteaux *Petrus, Certan de May, Lafleur* and Le Pin. The first two are sold by John Armit Wines of W11, Corney & Barrow and Lay & Wheeler. As a gift, Petrus would demonstrate almost unthinkable lavishness; Certan de May great taste. Try Hungerford for Lafleur and Le Pin.

White Bordeaux: I'm told that Château d'Yquem enjoys great status as a gift in Japan. Reid Wines' new list, out last week, boasts single bottles from 12 vintages including the *sublime 1921 (£550 without* label but with a branded cork). Much further down the price scale towards reality, but a wine that will soon become much sought after, is the excitingly vibrant, dry, white Graves Château de Landiras 1988, the first, late-picked vintage made by Bordeaux's dry white wizard Peter Vinding-Diers at his new property. Welbeck Wine of Chelmsford will deliver it as part of an assorted case at £6.90 a bottle, and Morris & Verdin of SW1 also sells it by the case.

Red Burgundy: The wines of the Domaine de la Romanée-Conti are fabulous in the true sense of the word – and fabulously priced to boot. Theirs are the only burgundies recognised by the international fine wine market, and they can be bought from a fair range of fine wine merchants around Britain. Their 1986s are exceptional, although not ready to drink.

Really knowledgeable burgundy buyers, however, squabble over the wines of Henri Jayer, the most famous *pensionnaire* on the Côte d'Or. On the threshold of retirement, he is reputed to be advising a confusing array of relatives and neighbours. Bibendum, of London NW1, currently offers some of their deliciously fruity 1988s. For odd bottles of more mature wine from Jayer, who manages to make delicious wine even in poor vintages, try *Justerini & Brooks of London* SW1, Windrush Wines of Cirencester and Thos. Peatling of Bury St Edmunds, which also, along with Yorkshire Fine Wines, sells some wine from the king of the Hautes Côtes, Jayer Gilles.

White Burgundy: I only wish I could find some more Coche-Dury. Top-notch Burgundy specialists Domaine Direct of London WC1 have also sold all their allocation of 1986s, but they and Morris & Verdin sell the glorious Meursaults (and Montrachet) of Lafon. Domaine Leflaive constitutes in effect the chief shrine of Puligny-Montrachet and its wines are designed for the cognoscenti.

Those who have managed to wheedle stock out of Monsieur Vincent (whose nephew Olivier has his own negociant business) include Adnams of Southwold, John Armit, Corney & Barrow and Lay & Wheeler. Any 1985 or 1986 should give enormous pleasure, although only the village wines are even within sight for their peak.

The other glorious Puligny domaine is Etienne Sauzet (from Berkmann Wine Cellars of London N7, Domaine Direct, Lay & Wheeler, O.W. Loeb of SE1 and Thos Peatling). Blain-Gagnard (from Domaine Direct) and Domaine Ramonet (from O.W Loeb) are their counterparts in Chassagne-Montrachet.

In Chablis, the quantities available can be even tinier than in the famous white burgundy villages to the south, especially from domaines as respected as those of Raveneau and Dauvissat. Another excellent Burgundy specialist, Haynes Hanson & Clark, of W8 and SW6, have somehow managed to prise a shipment of 10 cases of Butteaux 1987 from Raveneau which, in the way of my Coche-Dury Meursault, puts to shame 90 per cent of the wine sold in this country as Chablis. Domaine Direct and Justerini & Brooks sell Dauvissat Chablis.

Rhône: Guigal's single vineyard, Côte Rôties, provides the inside track wines here, chiefly thanks to the enthusiasm of the hugely-influential American wine writer, Robert Parker. Try Justerini & Brooks and Lay & Wheeler (they do work hard, don't they?)

Italy: Solaia 1985 (£34.50 a bottle from Corney & Barrow, £29.89 from Valvona & Crolla of Edinburgh) is a star but the single vineyard Barbaresco wines of Gaja are the ones they've been selling at $1000 a dozen for 1988 *futures* in the US. Oddbins, on the other hand, is listing the 1986 Barbaresco Sori Tildin at £39.99 while good guys Valvona & Crolla can offer five different vintages of this, Gaja's most famous wine, together with another monument that is closer to drinkability, his Barbaresco 1978 at £40.99.

California: Cleverest Christmas present would be the brand new vintage of Dominus, the 1985, probably being inspected by HM Customs as I write. Lay & Wheeler expects to have it in stock at about £25 a bottle before the end of the month and it's sensationally more delicious than the still sought after 1984 and 1983.

Australia: Any of Rutherglen's luscious Liqueur Muscats is an insider's wine par excellence, although doubtless disapproved of by dentists. An equally curious and delicious Australian speciality is mature Semillon (and Shiraz) from the Hunter Valley. Lindemans specialises in these extraordinary wines and is still nobly dribbling stocks from the late 1960s and early 70s on to the market, now retailing for around £35 a gorgeous bottle. Stockists include Alex Findlater of London SE11, Harrods, Justerini & Brooks, Lay & Wheeler, Reid Wines, T & W of Thetford, La Vigneronne and The Wine Society of Stevenage.

Vintage port: Some of the best value available in mature vintage port by the single bottle is from the Davisons chain of off-licences in and around London. Tanners of Shrewsbury also prides itself on its range. I would choose 1966s, such as the luscious Dow sold by Davisons for £22.50, to drink this Christmas.

Food for Thought

Festive winter greens

WILL YOUR 1989 Christmas be different from those that have gone before? Will it be greener, more environmentally aware? Your crackers may be *made from recycled paper,* your paper-chains biodegradable, but it is your food that is on the agenda here.

I am not on the whole an advocate of the "small is beautiful" maxim in the food business. However, when it comes to turkeys, small is beautiful. When I was a child my mother's 15lb turkey seemed a monster: now it would be on the small side. Turkeys today are being bred as big as sofas, veritable oven-fillers. These vast birds are for people who want huge amounts of white meat at a reasonable price. If it's flavour you're after yours, like mine, will be a free-range bird, though what precisely this means is rather difficult to define these days. At minimum it means that at some point in its life it is not confined in a little cage and dependent on production-line feed.

Regular shoppers will know that turkey is one of the cheapest mass foods of our time. In prepared dishes – curries and so forth – turkey is a low-price ingredient, a good filler. At every Bank Holiday weekend, frozen turkeys appear in the shops, and the rest of the time they turn up in joints and prepacks. Free-range turkeys, fresh and frozen, are available in Sainsbury's and Tesco this Christmas, though they may not be in every store.

I have sometimes written as if turkey were the only thing that mattered at Christmas and now I'm doing it again. If you are concerned that your Christmas be truly Earth-loving, you'll want organic vegetables to go with it. These are now pretty widely available – but at a premium – in most supermarkets. So far as taste goes I can't tell the difference but you may have other considerations in mind, so give them a go.

Sainsbury's have wholemeal Christmas puddings this year, and Tesco have vegetarian. I always rely on my mother-in-law to provide the pudding and, as a member of the Women's Institute, I am sure she will not let me down, although Sainsbury's may be better informed about the green-ness of their ingredients.

Vegetarian mince pies are also obtainable from Sainsbury's and Tesco, and no doubt others too. If any vegetarian readers are still with me after all that about turkeys, I congratulate them. The only thing that distinguishes a vegetarian mince pie from the ordinary kind – and this applies to Christmas puddings too – is the absence of suet. I once gave a Christmas pudding recipe to a French chef, and "grease of beef kidney" – which is how suet translates into French – does sound like the kind of thing that any of us would shun, let alone vegetarians.

Health food shops, of course, acknowledge the festive season like everyone else. I have been to see the Christmas offerings at Wholefood of Paddington Street and the Neal's Yard Warehouse in Covent Garden, London. I found vegetarian mincemeat and Christmas puddings and cakes. For those who wish to make their own there is now a vegetarian suet, a piece of fat technology I know little about, using hydrogenated vegetable oil. Quite apart from the usual vegetarian and dietetic disciplines, I rather took to Neal's Yard's mincemeat made without added sugar, which may do its bit to reduce the overpowering sweetness of Christmas.

Tesco, which is nowadays very green, tells me a lot about organic wines for Christmas. I do not want to drink Muscadet or Corbières with my Christmas dinner but some do and organically-grown versions are now available. Actually, the mention of Muscadet by Tesco reminds me that the only thing that makes a good first course before my Christmas turkey is a few oysters. I buy them by post from Northern Ireland and perhaps a glass of Tesco's organic Muscadet *sur lie* would be the right accompaniment for them in 1989. There is something austere and un-Christmassy about Muscadet which strikes the right note at the beginning.

All Christmas fare – and mine is no exception – sinks progressively into a morass of sticky sweetness, the Belgian chocolates, the Carlsbad plums, the glacé fruits, the glasses of Barsac. I do not think there is such a thing as an organic Carlsbad plum or a low-sugar glacé fruit, although Godiva has launched a range of lighter Belgian chocolates called "The Planets." I went to the launch in Brussels in September; it was mainly memorable for a performance on two pianos of Gustav Holst's original score of Planets.

Not everyone sits down to a groaning board and a festive bird. Not only the lonely and the deprived: I know some people who welcome the empty nest because it means they can have a steak and salad for dinner on Christmas day and open a nice bottle for two that would've been wasted on Uncle George. But if your idea of a green Christmas is not doing yourself too well – muesli for breakfast and a dish of lentils in place of Christmas dinner, avoiding self-indulgence all the way – then humbug to you.

Christmas is not meant to do you good. It's a festival and a celebration. But you should eat something green, for your own peace of mind. If, after the turkey or whatever, everyone had a simple, delicious, well-dressed green salad the world would be a better place. Time was when there wasn't any lettuce at Christmas and you would have had to make do with chicory and dandelions. But the miracle of modern retailing means you can have what you fancy. May your Christmas be green.

Peter Lewis

Going out with a banger

IT IS A sad business, saying the final farewell to an old friend – even when that friend habitually comes dressed in the lining of a pig's intestine, and when his conversation is limited to a restrained sizzle in a frying pan.

This is a black day in the history of one of the glories of the national cuisine of Britain. The great line of sausages which has emerged these three score years and more from the unpretentious premises of V. Franklin, of Bath Road, Twyford, Berkshire, is ended. It is as if a proud and ancient aristocratic name had been extinguished – although, to me, *rather more painful.*

It would take a top-notch lyric poet – a Herrick or Herbert of the kitchen range – to do justice to these pork sausages. Not being one, I can only say that, man and boy, I have guzzled them, and I have not met their equal. I think their secret is something to do with their fatness, the way the moist, meaty mixture within fills the skins, pressing them out into a smoothness which glistens with reliable promise.

But all that is now finished. No more will the handle of the sausage-making machine at the back of Franklin's turn. No more will the cold, pallid strings be glimpsed hanging in the chillroom behind the till. No more will the exquisite concert between sausage and Heinz *tomato* ketchup be enjoyed.

Franklin's closes today, and with it will disappear one of the vital sources of warmth and friendliness and assured welcome in the increasingly dehumanised trading life of the village. It was never a butcher's for those who liked their meat bright and vivid, in polystyrene tray and clingfilm. It was a place to stand on a sawdust-sprinkled wooden floor, and watch the rise and fall of cleaver and chopper, to hear the rasp of the saw and the rending of bone and sinew, to enjoy the spectacle of butchering being done by butchers who knew their stuff.

Above all, it was a place in which hurry was not possible. You had to greet and be greeted, to savour information and, if possible, to offer it. You had to take part in what Marion Anderson (nee Franklin) calls "the pantomime."

It was, in short, old-fashioned, and it is the regrettable habit of the old-fashioned to disappear. To be old-fashioned in butchering is to take unpaid time, time to talk to customers, to listen to their grievances and understand their wants, to do the work properly. In this competitive world, to take the sort of time on offer at Franklin's was to cut margins to a point at which the equation between effort and reward no longer added up.

The business was begun by Marion's father, Vic, in the 1920s. She and her husband, John Anderson, and their son (also John) joined it, ensuring continuity after Vic Franklin retired. Its nature required that it be run by the family, as a family. But now retirement is *beckoning for* Marion and her husband, while John has decided that, at the age of 29, he had enough.

It is impossible not to sympathise with him. He *began* as a boy of seven, helping his mother with deliveries, and went full time on leaving school. For the past year, unable to retain any staff apart from long-time assistant Les Wheeler, he has been working seven days a week, 12 hours a day with no prospect of relief.

There was another factor, referred to darkly by Marion as "that EEC business," the shadow cast by the cloud of regulations spreading from Brussels. Necessary they doubtless are, but to Franklin's "that EEC business" meant the threat of being forced to wear gloves when handling meat; to sell eviscerated turkeys; to replace their white-tiled walls; of being forced to make an investment which profits would not sustain; and to adopt a philosophy which they found alien.

If you add to all this the fact that Marion was offered a seven figure sum by a developer for the land on which Vic Franklin once reared his animals for slaughter, you have most of the ingredients for a modern morality play on the subject of progress. And now the curtain or the shop window blind is coming down.

The closure will be a sad blow to Twyford. But in the wider gastronomic context, the irreparable loss is in the sausages. However good a butcher's meat is (and Franklin's was very good), its equal can be found elsewhere. But sausages are unique to their maker.

I asked John Anderson if he were prepared to reveal how he made them. He shook his head determinedly, and told me that it was not the ingredients – the coarse ground meat, the seasoning and so on – but the care, "love," he called it. "If I said how we made Franklin's sausages, and someone else tried, they wouldn't be the same. They couldn't be. It's *better that* they should stop now."

I couldn't argue with him. All I could do was to buy a final pound. I shall eat them for breakfast tomorrow, as a solemn valediction to a supreme banger.

Tom Fort

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FOOD AND WINE

From left: port tasters Jancis Robinson, John Davy, Edmund Penning-Rowsell, William Warre and Ben Howkins

Tony Andrews

Ten tawnies of a perfect age and seriousness

***Lucia van der Post** joins a panel of wine experts to taste ports that are both special and accessible*

PORT, to an amateur such as myself, lacks the immediate glamour of champagne. It speaks of donnish pleasures, of late night evenings, of rich, gamey meals, of masculine seriousness as opposed to feminine sparkle. And yet . . . and yet . . . the popularity of port is growing every year and, as the public for it gets wider and more knowledgeable, even the supermarkets are beginning to introduce their own-label tawny ports. A sure sign of the times.

All this, coupled with the fact that well over three-quarters of all port bought is purchased (and presumably drunk) over the Christmas period, meant that when *Weekend FT* wine writer Edmund Penning-Rowsell suggested that for our Christmas tasting we broached 20-year-old tawny ports, who was I to resist?

Tawny ports have the advantage of being special yet relatively accessible. None of the bottles tasted cost more than £20, none needed any special treatment before serving. Vintage port, by contrast, is much more expensive, is heavier, is rarely available to most wine drinkers and needs careful decanting and serving. As Edmund points out, in his accompanying piece on the subject, tawnies need no decanting, and once opened you don't *need* to drink them all at once whereas vintage ports need to be polished off much sooner. Keep the bottle in a cool place and it should easily last three to four weeks.

For our judges we asked three distinguished names in the port world to join the home team of Edmund Penning-Rowsell and fellow writer Jancis Robinson. They were: William Warre, a Master of Wine, a member of the Warre port family and a director of John E. Fells & Sons, a leading importer; Ben Howkins, author of an excellent book on port (*Rich, Rare and Red*, published by Christopher Helm at £5.95) and a director of the London company of Taylor, Fladgate & Yeatman; and John Davy, a prominent importer for his Davy's wine bars.

The impeccably civilised host to our tasting was The Hyde Park Hotel in Knightsbridge, London, where the *maître d'hotel* and manager of the newly-revamped Grill Room, Ernesto Cacace, presided efficiently and urbanely over all the proceedings.

The judges tasted ten 20-year-old tawnies (blind, of course) and all agreed that 20 is really the ideal age for this type of port. As William Warre said: "It is the optimum age for a wood port. Tawnies have all the breeding of vintage ports, they are just matured in an entirely different manner. The blends should be nutty but also retain sufficient fruit to remind you that you're drinking port, not just any old fortified wine."

Almost all agreed that the overall quality was extraordinarily high, that they would be more than happy to be quaffing almost any of them this Christmas, although one or two, they thought, had been over-long in the bottle. "Once these bottles are shipped," says William Warre, "they should be drunk. Port is quite delicate and if too long in the bottle they go a bit hazy." Each of the ports was marked out of ten and out of the highest possible maximum score of 50 Cockburn's tawny came top with 45, followed by Dow's with 44. This is how the individual ports fared:

1. Cockburn's. £14.99 from Tesco and Victoria Wine nationwide.

Top of the pops with the judges came Cockburn's. Edmund, in particular, loved it, giving it his only 10-point score. "On the nose . . . at its peak . . . no more to give . . . delicious now," he said. Both Jancis and John Davy awarded it 9, Jancis thinking it "aromatic and relatively delicate," and John Davy describing it as being "nice on the nose, quite right and aromatic, full of sweetish flavours." William Warre gave it 8½ ("nutty bouquet, long rich flavour") and Ben Howkins 7 ("light in texture, slightly fading in body").

2. Dow's. £17–£18 from Oddbins, J. Sainsbury, Unwins and Fortnum & Mason.

Close behind the Cockburn's came Dow's with 44 and it, too, won the coveted score of 10, although this time it was awarded by William Warre who thought it had a "beautiful appearance . . . very nutty and overall excellent. A good blend of age and moderate youthful fruit." Edmund ("very complete wine") and John Davy ("good, clean fulfilling nose and a rich satisfying flavour, harmonious and excellent balance") gave it 9 each, while Jancis ("one of the most luscious examples but with good delicacy") and Ben Howkins ("lovely, rich, deep sunset colour and matching taste") gave it 8.

3. Croft. £17.25 from Bottoms Up.

In third place with 42½ points came Croft but three of the judges (Edmund, John Davy and William Warre) liked it sufficiently to give it 9 each. Edmund liked its very smooth flavour, William found it "very drinkable, fresh and attractive" and John Davy thought it had "beautiful balance" and was overall a "*very* nice wine." Jancis gave it 8 points ("sweet and luscious") and Ben Howkins 7½ ("pleasing, rich and well balanced").

4. Noval. £18 from Heritage Wines, Bristol, Pennine Wine Company, Hawes, North Yorkshire, Peter Dominic, The Strand, London WC2, and The Wine Cellar, Fordingbridge, Hants.

In 4th place with 42 came Noval Sichel which William Warre awarded 9 ("beautiful condition. Star-bright. Attractive fresh nose, long, nutty palate.") John Davy gave it 9 ("fine, delicate nose"). Edmund ("good, typical tawny nose") and Jancis ("very good for a refreshing end to a meal") gave it 8 marks each while Ben Howkins ("well-rounded and pleasing") gave it 7½.

5. Taylor's. £19.94, from Peter Dominic, Majestic Wine Warehouses, Unwins, Oddbins, Davisons Wine Merchants, Selfridges, Harrods and Fortnum & Mason.

Just halfway at no. 5 came Taylor's tawny port. Jancis liked it best, giving it 9 and calling it "sprightly and lively" and declaring that it had "lots of delicate sweetness on the palate." Next came Ben Howkins and John Davy, who each gave it 8 – Ben loved its "lovely sunset hue backed up by a well-balanced flavour that slips down the throat softly." John Davy thought it had a "full aromatic nose" while William Warre gave it 7½ ("nose slightly suspect. It looks a little too long in bottle but fruit and age go well together") and Edmund gave it 7 and declared it to have a "fruity taste."

6. W. & J. Graham. £17.50 from Asda.

W. & J. Graham's 20-year-old tawny was given 38½ and John Davy and William Warre liked it best, giving it 9 each. John Davy thought it had "excellent balance" and William Warre liked its "nutty flavour and good length." Edmund thought it had a "suave flavour" and gave it 7½ while Ben Howkins gave it 7 and liked its "golden sunset in taste." Jancis liked it least, giving it just 6 and saying "not a particularly happy marriage of young and old."

Joint 7th. Warre's Nimrod. £16.10 – £17.90 from Hicks & Don in Westbury and Dereham, Whighams of Ayr, G.E. Cook & Sons of Halstead, Mounts Bay Wine company of Penzance and Evingtons of Leicester. And Berry's Wm Pickering Port. £15.75, Berry Bros in London and Basingstoke.

With 36 points each Warre's Nimrod and Berry Bros Wm. Pickering port tied for 7th place. John Davy and William Warre liked both equally and gave them each 8. Ben Howkins marginally preferred the Berry Bros version giving it 8½ points and declaring it "very more-ish with a good grip at end." By contrast the Berry Bros version was Jancis' least favourite of all – she gave it just 5 and found it "a bit dull with some suggestion of burnt sugar." Edmund marginally preferred the Warre's Nimrod, giving it 7 and finding that thought it had a "full nose" its "flavour lacked distinction."

9. Imperial Sandeman. £14.50 from Oddbins, Tesco, Fortnum & Mason, Asda, Harrods and Eldergate Wines in Milton Keynes.

With 34½ points Sandeman's port was most liked by Ben Howkins who gave it 8 in all and thought it had a "clean, rich, nutty nose" and a "rich taste" that "fills the mouth." Jancis ("very rich, some hint of tea, well-balanced") and John Davy ("full, rich flavour") each gave it 7 while Edmund ("lovely nose, rich rather thick; slightly sugary") awarded it 6. William Warre gave it 6½ and found it "hazy – no excuse for this" but allowed that it had a "good nutty flavour."

10. Fonseca. £18 from Grogblossom and Barnes Wine Shop in London, Chester Fine Wines, Terry Platt of Llandudno, Toones of Rothermede, Yorks, R. Granger of Newcastle and Hilbre Wine Co of Liverpool.

Edmund was hardest of all on this port, giving it a mere 4 – "slightly spirity on nose, one can smell the brandy – strong taste, poor balance, lacks class." William Warre gave it just 5 and and found it "very slightly hazy, nose shows signs of bottle-age" and thought the "palate spoilt by taste of filter-paper." John Davy gave it 6 and thought it "not absolutely star-bright," adding that "a wine to be really appreciated must look right." Although he thought it had "certainly not a bad flavour, the overall impression is a bit disappointing." Jancis ("silky texture at first then even some astringency at end of palate") and Ben Howkins ("rich bronze colour and soft in taste, on the gentle side") gave it 7 each.

*Don't just pick any port in a storm, says **Edmund Penning-Rowsell***

ALL PORT except white port is initially deep, dark red and is often described as blue-purple. It is sweet because fermentation has been stopped in the vat by the addition of very strong, 77° alcohol, sometimes called brandy but in fact usually a distillation of Portuguese grape juice, mostly from the south of the country.

It is added in the proportion of 110 litres to 440 litres of must, to fill a Douro pipe of 550 litres. The port then has an alcoholic strength of about 20°, similar to that of the stronger sherries.

This young port, blended to give continuity of style to each shipper's wine, is sold at around three to four years old as Ruby port. It might also be called Pub port because, mixed with fizzy lemonade, it was once the backbone of female consumption in the saloon bar.

Nowadays most such wine is sold under the brand names of the Oporto houses, but formerly most traditional wine merchants in Britain had their own named Buyer's Own Brand, and the shippers had the time-consuming task of matching these individual blends with hundreds of sample bottles lining the walls of offices in Vila Nova di Gaia, across the river Douro from Oporto.

In a fine year – and nowadays they seem to occur more frequently than in the past, either for reasons of technological advance or of commercial success – a small proportion of the crops (around 2 per cent) is set aside to be bottled when two years' old, as Vintage.

Two other types also bear the name "vintage," but a generation or two ago they would have sent any regular vintage port drinker into a frenzy. They are Vintage Character and Late Bottled Vintage. Both are really wood ports: the former being six-to-eight-year-old blends of the finer vats, the latter (LBV) a wine of a single year that has been left in wood for between four and six years. Neither bear more than a stylistic resemblance to the real thing but they can be drunk much younger and are much less expensive.

Tawny port is so called because its extended life in 550-litre oak casks results in absorption and slight oxidation of the deep red colour. The tawny colour of a fine old tawny is one of its delights. Yet here may be the rub. Wine genuinely kept in this way must be at least eight years old and so is relatively costly. So, to secure earlier marketing at lower prices, the cheaper so-called Tawnies are actually a blend between a Ruby of a few years old and a young white port. The result may be agreeable, but it is not authentic Tawny.

For a real Tawny, the youngest properly-marketable age is 10 years old in wood. However, this does not mean, as it does in the case of Scotch whisky, that the minimum age of the wine in the blend is 10 years, but rather that the average age is 10 years. So a Tawny sold as a 10-year-old may be a blend of 12 and eight years, or even 15 and five.

In my view, while a 10-year-old Tawny is very palatable, it is on the strong-tasting side. The minimum for a really fine one is probably one with an advertised age of 15 years. But a peak for Tawny at its best is more often 20 years. Thirty-year-olds and over 40-year-olds (the official designation on the label) can be delicious but are more delicate after so long in cask and have lost some of their body. They are wines that the true port lover should experience, but they are not for normal drinking.

Fine old Tawny has two special merits: it is much lighter than Vintage port and considerably cheaper than mature ones. All wines mature more rapidly in the cask than in the bottle, and magnificent and ripe-flavoured though mature Vintage port can be, fine old Tawny is lighter and more elegant. As visitors to Oporto have found, often to their surprise, the port drunk there by the shippers themselves is Tawny. It is also the wine first served at the weekly luncheons at the Factory House there, although it is followed by Vintage.

Tawny port need not be decanted because there is no sediment. Moreover, it should be drunk when relatively newly bottled and fresh, although its fine colour will be attractive in a decanter on the dinner table. In summer it may be slightly chilled.

Distinguished Vintage port is not, of course, to be denigrated. However, at the Christmas and New Year period, with its series of substantial meals, the lighter Tawny may be more suitable – and you may feel better the next morning, too.

A whiter shade of pud

***Philippa Davenport** relishes a lighter Christmas dessert*

THE BEST THING about Christmas pudding is the grand entrance it makes into the dining room, wreathed in brandy flames, blazing a trail through an otherwise darkened room. That and the fact that it offers an excuse for tucking into lashings of brandy butter (we make it a rule always to have a little pudding with our brandy butter).

But how many people really relish the prospect of eating a Christmas pudding that is solid with dried fruits and as black as thunder at the end of a heavy meal – particularly when you know that you are liable to be confronted with an almost identical mixture at tea-time. (The only difference being that the Christmas cake mix is hidden from view under cement shrouds of marzipan and royal icing).

Let them eat cake if they wish, but I have joined the ranks of those in search of slightly lighter puddings. My reasons are not prompted by sanitised thoughts of healthier eating; they spring from a desire to please the palate all the more.

The plum pudding I have served for the past few Christmasses is white, not black: as sparkling cold and frosty as a mid-winter morning.

I doubt if you could flame it with brandy, but it should make heads turn if you switch out the lights and parade it on a plate bordered with candles stuck down with dabs of their own wax.

For added drama, I scatter the frozen slopes of the pudding with the garnet-gleam of pomegranate seeds, or crown it with a sprig of sugar-frosted holly.

Alternatively, you could cloak the iced pudding with a few *spoonfuls of sauce* – scarlet rivers of cranberry pureé, a tawny-gold mango pureé, or a dark chocolate sauce spiked with a hint of coffee, perhaps.

I think it is preferable, though, to serve the sauces in jugs so everyone can help themselves. For the simplest sauce of the lot, and arguably the best, just hand round a spoon and a bottle of rich, dark and syrupy PX sherry, made from sun-dried Pedro Ximenez grapes.

As for mince pies, my taste has veered gradually away from suet-laden numbers to lighter confections in which the mincemeat is unburdened by any added fat or sugar. After all, added fat is supplied amply by the brandy butter we lavish on the pies when we eat them (or whipped and chilled crème fraîche for those who prefer purer, non-alcoholic flavours), while the fructose with which dried fruits are packed provides sweetness enough.

Some would say the fructose provides a surfeit of sweetness and, recently, I have taken to replacing some of the raisins used normally with raisins in their fresh state – in other words, with muscatel grapes. This makes for an agreeably light, juicy and fresher-tasting mincemeat that does not call for lengthy maturation.

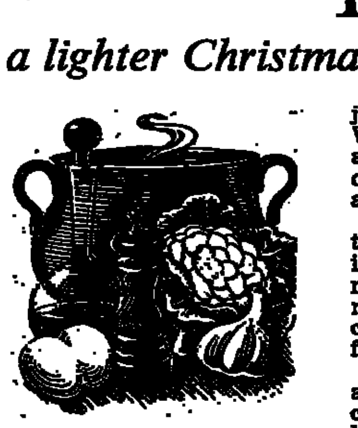
On the contrary, grape and almond mincemeat is best eaten within a few weeks of making, and I think it wise to store it in the fridge to guard against possible fermentation. There is still plenty of time to make it for eating this Christmas.

I produce a good quantity while I am at it. That way, there will be enough for mince pies and to cope with the last-minute present needed for someone I've forgotten. With any luck, a jar can be saved for puddings in January. Then, I will use the mincemeat to stuff baked apples or halved and poached pears, or to line the dish in which I will bake an apple meringue.

White Christmas pudding

(serves 12)

Use the best-quality dried fruits you can buy, but not your best brandy, for this softly-textured and easily unmoulded frozen dessert.



Start making it 24 hours or more before serving.

Ingredients: 2 oz each raisins, whole candied peel and flaked almonds; 1 oz each sultanas, currants, pitted prunes, dried apricots and hazelnut kernels; about ½ teaspoon each of ground cinnamon and allspice; the finely grated zest of 1 orange and the juice of 2 oranges; 3 to 4 tablespoons brandy; ½ pint each double and whipping cream; the whites of 3 eggs; 3 tablespoons caster sugar.

Method: Chop the large fruits into small pieces. Add the other fruits, sprinkle on the spices and orange zest and stir to mix. Pour on the orange juice and brandy. Scatter the flaked almonds on top and then the roughly-chopped hazels, but do not stir them into the fruits. Cover and leave in a cool place for about eight hours.

In the freezer, chill a pudding basin or ice cream bombe mould of 2¾-pint capacity. Or chill several smaller containers if preferred. When the fruits are well-macerated, mix them gently with the nuts and tip them into a sieve placed over a bowl to catch the juices. Pour both types of cream on to the juices and whip together. Whisk the egg whites in a separate bowl, beating-in the caster sugar gradually to make a meringue mixture.

Fold the fruits and nuts into the whipped creams, then fold in the meringue. Spoon the mixture into the chilled mould(s), taking care to fill the corners smoothly. Cover and freeze for about 10 hours.

Loosen the ice cream gently and unmould it on to a well-chilled plate before the meal begins, then return it to the freezer with the inverted pudding basin placed protectively over it.

Serve the pudding straight from the freezer, decorating it just before bringing it to table.

A scattering of pomegranate seeds, or sprigs of holly frosted by dipping them in egg white and sugar, look good. Serve alone or with an accompanying sauce or PX sherry.

Grape and almond mince pies

(makes about four dozen)

Here, the double-crust pies are made with short-crust bases and puff pastry lids. For even lighter mouthfuls, use squares of buttered phyllo pastry; draw the phyllo up round the filling and bunch it tightly like a miniature drawstring purse.

Ingredients: For the mincemeat: 1 lb white muscatel grapes; 8 oz each raisins and shelled almonds; 4 oz each sultanas and currants; 1 teaspoon ground cinnamon and a ¼ teaspoon each ground allspice and freshly grated nutmeg; the finely-grated zest of two small oranges and the juice of three oranges; 6 tablespoons brandy.

For the pies: Between ¾ and 1 lb prepared weight puff pastry; short-crust pastry made with 1lb flour; 8 oz butter; 2 tablespoons caster sugar; the finely-grated zest of an orange and about 5 tablespoons freshly-squeezed orange juice to bind the dough; a little butter to enrich the pies (optional); beaten egg and milk to glaze.

Method: To make the mincemeat, first skin, pip and chop the grapes roughly. Chop the almonds and dried fruits, too. Mix the whole lot in a bowl together with the spices, zest, fruit juice and brandy. Cover and leave to macerate for 24 to 48 hours in a cold larder, stirring just occasionally.

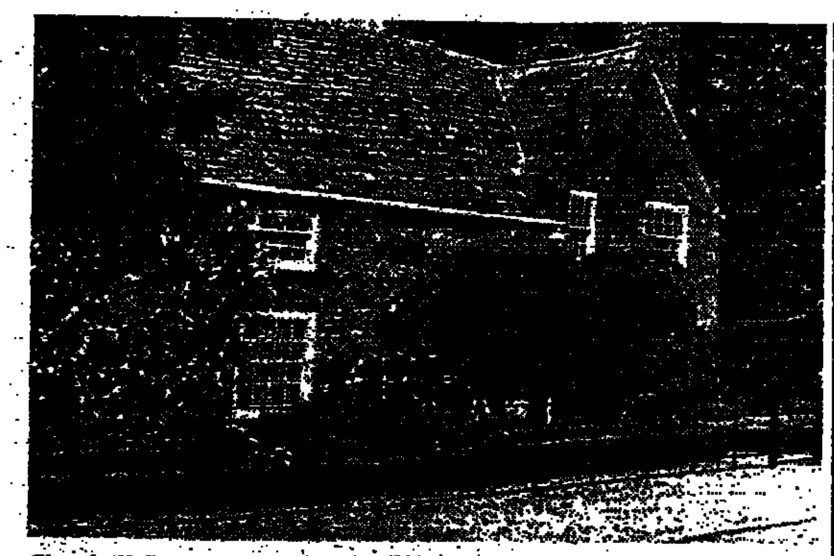
Stir the mixture again, pot it in sterilised jars if not for immediate use, label, and store it in the fridge where it will keep for three weeks – probably longer, but I have not succeeded in putting this to the test.

To make the mince pies (which can be prepared ahead, frozen and reheated as needed, thus saving a fiddly last-minute chore during Christmas week), you will need some lightly-greased tartlet tins and some pastry cutters in two sizes – those measuring 2½ and 3 in in diameter are the right size for most tins.

Line the tins with rounds of shortcrust pastry. Fill them with teaspoonfuls of the mincemeat (and top with slivers of chilled butter if you want a richer and attractively glossy filling). Cover with smaller rounds of puff pastry, damping the edges and sealing them neatly.

Glaze the lids, make steam holes with a skewer and bake at 425 F/220 C (gas mark seven) for 20-30 minutes until the pastry bases as well as the lids are cooked to a golden brown colour.

Let the cooked pies rest in their tins for a few minutes before loosening and removing them with a round-bladed knife. Dredge with a little sugar if liked and serve with brandy butter or crème fraîche.



Shandy Hall: north Yorkshire home of Sterne the curate and author

The Genius of the Place

Sterne by name, not nature

I ONCE HEARD author Malcolm Bradbury tell how, in 1969, he attended the funeral of novelist Laurence Sterne. It was Sterne's second: his first place of burial, off Bayswater Road in west London, had come up for development and he was to be re-interred by the walls of the parish church in North Yorkshire where he had once been the curate.

Bradbury related how a number of literary lions and lesser beasts gathered for the occasion and how, as they were waiting for the exhumed remains to arrive from London, a message came through from British Rail authorities apologising that Sterne had been sent by mistake to South Wales. The assembly found this blunder utterly in keeping with Sterne: they imagined his skull chuckling gently as it rattled out of Paddington station instead of King's Cross.

Later, however, I discovered that Bradbury had embroidered the tale. To a novelist, that is forgivable; to a professor of literature, less so. What actually was misdirected was not Sterne's body but the port donated for the post-funeral celebrations.

The truth of the story came from Kenneth Monkman who, with his wife, occupies Shandy Hall in the village of Coxwold. It is a partly-15th century gabled house looking over the easy landscape of the Hambledon hills: it was home to Sterne the curate and Sterne the author, and the Monkmans have built it into a shrine to Sterne the comic genius.

The garden is agreeably dishevelled; and although the place is attracting a good many visitors, the Monkmans seem glad to share it. To Sterne, it was the "philosophical hut" in which he penned not only his sermons but also the periodic volumes that make up *Tristram Shandy*. The first two came out in 1760 and were soon a publishing "event" in London; because of that, Shandy Hall is full of Sterniana.

If it had appeared in our own time, *Tristram Shandy* would not have been in book form but, rather, a television series spawning all sorts of merchandise and catch-phrases. You can imagine the characters co-opted to advertise brands of stout or nasal decongestants; also the chat show appearances and the car stickers *d'amour* (I ♥ UNCLE TOBY). Such phenomena have to be invoked to match the "Shandyism" of the late-18th century: that is, the popularity of Sterne's work among not only the fops and dandies of the age but even London prostitutes, who would accost potential clients with: "Can I wind your clock up, sir?" — an opening venereal gambit that can be understood only by knowing the first paragraph of *Tristram Shandy*.

Sterne relied upon mirth to fence against ill-health: but, again, to make comparisons with his particular brand of humour you are forced to cite media other than books — the Goons on radio, perhaps. What is extraordinary in Sterne's case is that while we can imagine most Frenchmen sitting stony-faced through any episode of the *Goon Show*, their Napoleonic ancestors were tickled by Tristram. The same goes for more than 20 other nationalities, including the Serbo-Croats (since 1951). This proliferation of translated versions — all collected at Shandy Hall, of course — is sometimes held to refute Dr Johnson's dismissal of Shandyism as a fashion which would fade: "Nothing odd will do long."

The good doctor reckoned without both the Eng. Lit. business and the ensuing conservatism of the novel form which have guaranteed that *Tristram Shandy* is still, somehow, treated as more avant-garde than most of the novels that succeed it. It is a writer's book, although quite what amuses its Serbo-Croatian readers is a puzzle to me.

What Johnson foresaw is, in a sense, true: Sterne in the 20th century raises faint smiles but no guffaws. Connoisseurs of the odd will enjoy Shandy Hall, but even they must admit that the Sterniana — the teapots, the Staffordshire figures, the cartoons — betoken a popular appeal that has vanished. And if Sterne is *not* as odd as he ought to be, then it is necessary, as Malcolm Bradbury knows, to invent more oddity.

I confess myself to be a pretty stony-faced reader of Sterne: but I also have a vision of myself in which I sit with my *Goon Show* tapes, chortling ludicrously, while my children and grandchildren shake their heads and quit the room.

■ *Shandy Hall, Coxwold, Yorkshire YO6 4AD, is open June-September (Wednesdays 2-4.30 pm, Sundays 2.30-4.30 pm) and also at any other time subject to appointment with the owner.*

Nigel Spivey

Planet Earth

The riches we ignore

Look at home before criticising others, says ***Roger Deakin***

IT IS EASY TO criticise poor people in under-developed countries who will do desperate things for a little money and, in the process, endanger whole species: witness the plight of the African black rhinoceros which is slaughtered for its horn. Yet, there are dangers for conservation in relatively rich countries such as Britain, too. Wealth also perverts values and, all over the UK at this moment, the orchards are littered with unscrumpted but scrumptious windfalls of a rich variety of apples, from the Devonshire Quarrenden to the Kentish Fillbasket. It is easier, I suppose, to pluck Golden Delicions (although, to me, they are neither) from the local supermarket. So it is that a rich country, just like a poor one, turns its back on its own riches.

Six thousand varieties of apple are recorded in Britain's National Apple Register; nowadays, a mere nine dominate our commercial orchards. At the government's Experimental Horticultural Station at Brogdale Farm, Faversham, Kent, there is a living archive of more than 2,000 varieties of apple, 500 different pears, 350 plums, 220 cherries, 44 cobnuts and filberts, as well as medlars, quinces and other orchard fruit. But this is going to be closed in March 1990. All over the UK, old orchards are being grubbed-up for cereal production or even development — you can squeeze several houses into a two-acre orchard. Devon, where orchard were much depleted already by the 1960s, has now lost a further 90 per cent.

In the past 30 years, the UK has lost two-thirds of its orchards. Meanwhile, new commercial orchard trees are like Japanese bonsais by comparison with their ancient cousins. House-high trees once grew in orchards that covered 17,000 acres 30 years ago, but only 2,000 today. The stature of new orchard trees has been diminished further by the bad press on the pesticides with which they are so often pampered.

Besides their epicurean importance as a source of a half-forgotten infinity of aromas, tastes and textures (cider and cider brandy as well as plum pudding), old orchards are valuable places to cultivate leisure. They also provide a home for many plants and creatures besides the lady's smock, the wood-mouse and the wasp. Honey is one by-product, a sense of local continuity another — tasting local fruit is oral history at its most enjoyable. It would be sad indeed for our children if we were to continue to ignore and squander the range of variations on the theme of apple, pear, plum, cherry, nut quince and medlar that gardeners, nature and history have invented.

Regret, as Coleridge observed, is a singularly unproductive emotion, so if we are to prevent the extinction of this national wealth of orchards and fruit trees, we must do it now. A campaign to save orchards and plant new ones with old varieties of fruit is the latest in a series of apparently quixotic initiatives by Common Ground, a tiny organisation with a staff of six, a shoe-box office in London's trendy Covent Garden, and a concern for all that is local and familiar in our common culture — everyday buildings, plants and creatures, familiar places, and our links with the past.

Common Ground has no membership, preferring instead to assert the responsibility and the power of individuals to speak out and to act in celebration or defence of their local surroundings at a local level. As a registered charity, its funding comes from a wide variety of charitable trusts, government agencies, businesses and individuals. This year, in competition with such Goliaths as the Whitechapel Gallery and the Royal Academy, Common Ground has been awarded the £25,000 Prudential Award for Visual Arts. Yet, what is a small environmental group doing winning major prizes for the arts?

In combining ideas for the cultural significance of our surroundings, Common Ground places particular emphasis on exploring connections with people in all branches of the arts. Thus, in its project on Trees, Woods and The Green Man, Common Ground is drawing together people from all sides to celebrate and explore the cultural and spiritual importance of trees and woods, as well as their ecological indispensability, through a variety of events, exhibitions and publications.

It has published a manifesto suggesting how we might, as a nation, value our trees properly from now on, as well as a practical guide for looking after them: *In a Nutshell*, by Neil Sinden. Then there's a poetry anthology, *Trees be Company*, edited by Angela King and Sue Clifford and with an introduction by novelist John Fowles, and an unusual tabloid called *PULP!*, the 56 pages of which (recycled, of course) are devoted entirely to the trees that made it possible. Its 84 contributors include Germaine Greer, Heathcote Williams, Oliver Rackham, Marina Warner, Richard Mabey, Ronald Blythe, Garland, Calman, Glen Baxter and Posy Simmonds.

Commond Ground also initiated four exhibitions this year: The Tree of Life (with the South Bank); Out of the Wood (with the Crafts Council); Orchards — Photographs from the West Country by James Ravilious; and Leaves — an exhibition by Andy Goldsworthy at the Natural History Museum. Trees at the Tate [Gallery] was a summer series of lunchtime lectures by Alan Mitchell, David Nash, Sue Clifford, Tim Hunkin, Mabey, Fraser Harrison, Patrick Harrison, Patrick Wright, Stephen Daniels, Goldsworthy and Warner.

Meanwhile, the Parish Maps Project is encouraging and inspiring people to chart the things they value in their own locality — a primrose bank, a canal through town or an unusual stile through a stone wall — the sort of things you might not find on an Ordnance Survey map but which add up to the distinctively individual character of a place. The map is a work of imagination, of collective celebration, and can become a focus of discussion or a starting point for action. More than 1,000 communities are now thought to be at work on maps of all kinds all over Britain.

Similarly, the New Milestones Project has enabled people to commission artists like Peter Randall-Page, John Maine, Simon Thomas and Goldsworthy to work locally, creating a new generation of sculpture that can now be seen in unexpected corners of Dorset and Cleveland. Further works are planned in Lincolnshire and elsewhere.

If Common Ground has achieved anything in its first six years, it is to show that ambitious projects need not be quixotic — that a small group of people, working with imagination and inspiring others to do so, too, can move mountains. We must start with modest proposals; and if we in Britain are to suggest to people in Africa that they cease to slaughter their wildlife (as, of course, we should), we might ensure that our own house is in order by first valuing and nurturing the variety of Britain.

■ *Common Ground publishes a selection of posters, books and postcards including work by leading artists, illustrators and cartoonists and practical guides to local action and initiatives. A new book, Orchards — A Guide to Local Conservation, is now available, at £6 incl. p&p. PULP! is £3.50 incl. p&p. For a complete list of publications and prices, send your sae to Common Ground, 45 Shelton Street, London WC2H 9HJ.*

■ *Roger Deakin is a founder-director of Common Ground.*

Drunkenly Sweet Chestnut — a sculpture by Andy Goldsworthy as part of his Leaves exhibition at the Natural History Museum in London (until January 14)

Heritage

History in the dock

***Gerald Cadogan** reflects on the past and future of a famous naval shipyard*

CHATHAM Dockyard, on the river Medway, in east Kent, made and repaired ships for more than 400 years, from those that fought the Armada to nuclear submarines. Nelson's Victory was built there. It no longer builds ships but still makes rope, in a ropery 198 years old. The naval battle has given way to the diplomatic, but the dockyard survives and makes an excellent outing.

When the Navy left in 1984, and the Medway towns became an unemployment blackspot in the prosperous south-east, the Chatham Historic Dockyard Trust took on the oldest part of the yard. Mostly Georgian and early Victorian, it was still surprisingly intact. The reason is that, because of the Crimean war, the main part of the yard expanded down-river in the 1860s. The *Achilles* of 1863 was Chatham's first iron-clad.

The trust faces the vast challenge of presenting and preserving the historic core of Chatham. Eighty acres of yard and buildings have to be cleaned and preserved. There must be new and accurate displays of ship-building. These in turn depend on archives, a library and museum collections which have had to start from scratch. To pay for all this, the trust lets surplus warehouse space and is building houses.

When you arrive in Chatham you notice that, although the place is on a tidal river, you hardly seem to see the water. Why? Because what mattered here, although destined for water, happened on land. But, rather than ships, Chatham presents the world of ship-building. The Navy might have left only yesterday. Buildings alternate with lawns and yards. Stables or ropery, all are neat and there for a purpose. They form a pleasing whole. The best buildings are marks of rank. A Georgian officers' terrace has large, high-walled gardens. The 1704 Commissioner's House has a much larger garden and, in the ornately-plastered 1808 church, parade order ruled seating.

Work in the yard began with oak, elm and beech wood. For a long time it was seasoned in outdoor stacks, but the wood at the bottom would rot. Seasoning sheds were invented where the air circulated and the wood lay on racks off the ground. The fir masts were a big problem, as the wood had to stay supple to bend in the wind. The answer was to pickle the firs in sea water in vast ponds.

Pairs of sawyers in pits cut the wood, one man up and one down, until Marc Brunel designed a steam saw-mill in 1814 with elaborate waterworks and cranes to move the timber. That put 600 sawyers out of work. More than 150 years later 8,000 jobs were lost when the Navy left in 1984.

The ships were designed in the mould loft, their lines laid out on a huge floor and templates made of sections across the hull. This building reopens next year as the Wooden Walls exhibition of naval ship-building. British design was not so good as French but improved when the Navy captured France's *Invincible* in 1749; two Chatham-made ships that showed direct influence were the *Valiant* and the *Victory*. The *Invincible* sank later off Portsmouth; now, it has been excavated and the trust has bought its contents for Wooden Walls.

Building the ships on open slips took up to six or seven years and some rotted, so the slips were covered. The oldest covered slip (1830) has a huge wooden roof. Those next to it have roofs of the same plan but made of cast iron. This technology appears next in the great canopies of the early railway stations.

In one of the dry docks, the *Gannet* is refitting. The only Victorian sloop to survive, it saw service in the Red Sea in the 1890s, keeping Sudan out of the hands of the Mahdi. This ship is is a microcosm of technical change. Its frame is iron but there is plenty of timber and it had both steam and square-rigged sails.

The gem of Chatham is the ropery. Built in 1791, it has a rope-walk 376 yards long and still works. Rope-walks must be long to maintain the strain when spinning; otherwise, the rope has weak patches and snaps. Ropes were made from hemp, sisal and manilla, making the place a fire-trap. Workers were checked for combustibles.

The smithy contains heaps of abandoned iron equipment. In this industrial archaeologist's delight, all the debris is being examined and inventorled. It is a formidable task, but the result will be a mass of knowledge about the tools and skills of making the men-o'-war.

The lead and paint mill (1818) is one of the first buildings in the country designed to be fire-proof, with a stone floor and an iron frame. The galvanising shop, now a lively introductory display, marks the new technology of the 1890. Here the plates of the ironclads were coated with zinc against rust.

The sail and colour loft also remains in operation. I bought a hammock made by a retired bo'sun for £24 and could have had any number of canvas bags, ensigns and flags.

Harold Wilson, Britain's former Labour Prime Minister, once asked in an election speech: "Why do I emphasise the Navy?" "Because you are in Chatham," came a shout from the hall. For another answer, take a trip to the dockyard.

Bibliophilia

Revealed: 1,500 signs of their times

AN INTERESTING collection of manuscripts has surfaced at the Natural History Museum in Torquay, Devon. There are 1,500 separate items, mostly letters and official documents. It is not an archive but an autograph collection, with no unity beyond the fact that each piece of paper is signed by a famous man or woman.

The collection was donated to the Natural History Society in 1884 by Hester Julian in memory of her father, geologist William Pengelly. The documents were stuck in albums and arranged in categories such as writers, scientists, politicians, poets, artists and royals. Many are accompanied by reproductions of portraits and there are some original photographs.

Some attempt to catalogue the collection was made at the time of the gift but it was never completed. The albums were put away in the cabinets which housed the society's rock and fossil specimens and have lain undisturbed and unexplored since.

The collection was begun in mid-Victorian times by Pengelly's wife before being continued by his daughter. Devon was one of the places where the evolution and cosmology debates were fought and won. Its rocks provided incontrovertible proof that the world was not created in 4004 BC. Kent's Cavern and other caves in the locality of Torquay, which were explored by Pengelly, transformed our view of the early development of prehistoric man.

Hester's husband was also a geologist, another Victorian pioneer who helped to start the mining industries of North America and southern Africa. He was among the men who went down with the Titanic in 1912 after helping the women and children into the lifeboats.

With such a family, it is natural that the collection should have a strong scientific slant. There are letters from Darwin, Faraday, and others known better then than now. But Hester's interests were wide. There are kings and queens of England and US presidents from George Washington on. She had autographs of all the kings of France from Louis XIII to Louis XVIII, and a document in Cyrillic by Catherine the Great.

Nelson and Wellington are there, plus innumerable prime ministers, along with Goethe, Pushkin and Victor Hugo. A British state paper of 1686 signed by the Lords of the Treasury orders the payment of £500 — unauthorised by Parliament — to a certain Henry Guy for secret services.

In the literary albums are letters from Keats, Shelley, Jane Austen and others, known from copies made long ago but untraced in this century. In transcribing manuscripts, Victorian editors were inclined to improve the style as shamelessly as they improved their parish churches. Some of the letters I have examined contain features omitted from the versions known now.

Many of the letters by Victorian authors are entirely new. One of the editors of William Morris's Kelmscott Press, a friend of the family, sent Hester letters from Dickens, Thackeray, Rossetti, Swinburne and Carlyle. Some are no more than invitations to tea but others are more substantial.

A fine letter of Charlotte Brontë to her publisher offers detailed information about the original financial arrangements for publishing the family's novels. An amusing fragmentary piece by Lewis Carroll, the author of *Alice in Wonderland*, advises lady hospital visitors not to be so gloomy.

It will be some time before the full implications of the discovery can be assessed. A member of the society's committee, Donald Woodall, has made a start. A booklet is bring prepared and an exhibition planned for next year. No decision has yet been taken about the longer term.

The Natural History Society — which has a proud and distinguished record going back to 1844 — still runs the museum, which is a centre for many activities in Torquay. But it can ill-afford the extra costs that the discovery of the collection may involve, nor the professional cataloguing.

The society is looking for a solution that will both respect the wishes of Hester Julian and allow the papers to be conserved properly and made available to scholars.

William St Clair

DIVERSIONS

Museums embrace mammon

AS GOVERNMENT grants to British museums have been squeezed, so the museums' efforts to attract vital business sponsorship have been rewarded modestly. Much of the credit for sponsorship agreements is due to the influence and connections of trustees who also are leading industrialists.

Museum directors, in their turn, have had to acquire the commercial arts of marketing and publicity, and even the darker art of manpower economics. Even though the commercial principle cannot compensate for the deficit in primary funding, recent developments within the museum system argue its success.

In answer to the Natural History Museum's development appeal, launched last week, British Petroleum has put £1m towards the £2.7m cost of a permanent ecology exhibition to open at the end of next year. With another £1.5m raised in the first week, towards a total objective of £5m over five years, there are perhaps grounds for cautious optimism that other sponsors can be found.

The Victoria & Albert, lately the subject of a controversial decision to rationalise scholarship, has received sponsorship recently for new galleries from firms including Trust House Forte and Toshiba. The museum has also shown its commercial acumen with an initiative to raise the £1.25m needed to clean its facade: while that is hidden by plastic sheeting, large advertising hoardings have been erected on the pavement and the revenue from them will settle the bill.

The economic philosophers of Downing Street should have high praise for the National Maritime Museum at Greenwich, south London, which is putting the finishing touches to a project that will be regarded as the most advanced form of collaboration between a national museum and the business sector. At the heart of the Greenwich scheme is the beautiful Queen's House, which forms the architectural focus of the surrounding buildings of the naval college and the museum.

It has the distinction of being the first Renaissance building in England and the earliest architectural product of the remarkable Inigo Jones (1573-1652). Completed in the reign of Charles I, it was used by his Queen, Henrietta Maria, as an out-of-town palace within easy commuting distance of the West End.

The house, like the monarch, subsequently endured many vicissitudes; but in 1934 it – and the adjoining wings of the naval school – were declared a suitable site for the National Maritime Museum. The house, which had been used as an exhibition space by the museum, was closed in 1983 for one of the most extensive restorations yet undertaken. The intention has been to restore and refurbish it to its former baroque glory, using the inventory contained in Henrietta Maria's will as a basis for the reconstruction. Modern reproductions of original furniture and fittings have been commissioned where the originals have disappeared.

The ground floor will accommodate the museum's collection of 17th century marine paintings, not seen for six years. One of its many innovations is a fibre-optic lighting system connected to the wall sconces, producing a simulation of candlelight. The Queen's House has received government, corporate and charitable sponsorship totalling £5m and will be re-opened next spring as a considerable attraction in its own right.

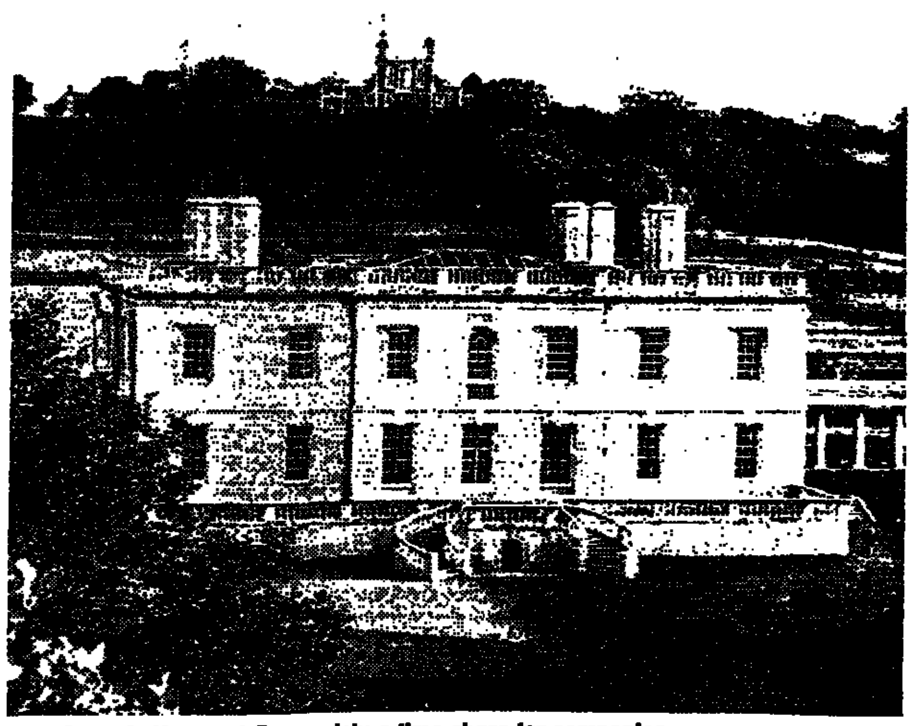
The Maritime Museum, however, has plans that go beyond the established norms of entrepreneurial practice. Between October and April every year, the Queen's House will be closed to the public and will, instead, be available for corporate use on a time-share basis. This will be a straightforward commercial operation, and it is likely that dinners, conferences and receptions will be popular forms of use.

Although these are still early days, 20 companies have signed up for a licence to use the Queen's House one day a year for three years, paying the fee of £10,000 in advance – a stipulation that gives the museum immediate use of the money. It is hoped that as many as 60 companies will join the scheme, thereby generating revenue that will provide for the future of the house and other projects within the museum.

Concurrent, and perhaps connected, with these developments is the appointment of an advertising agency to the museum which, curators are assured, will avoid the "ace café with nice ship attached" variety of witticism, characteristic of the V&A campaign. During the summer months, the Queen's House will also be the venue for public events which will be accessible from the Thames, providing an escape from the cultural dominance of the West End.

In spite of the success with which Britain's major museums have attracted commercial sponsors and adopted commercial doctrines, the application of business economics has its limits. The aims of scholarship and interpretation are ultimately not the same as those of business, although the Queen's House will bring them into the closest possible alliance.

Richard Newbury



The Queen's House at Greenwich: a time-share for companies

Eureka

Count the cost of carphones

Peter Knight examines the pitfalls behind making a call on the move

MOBILE telephones used to be really expensive. You had to earn as much as a pop star or a plumber to own one. Now, they are cheaper than a basket of groceries and some companies are giving them away free as sales incentives. Where's the catch? "They still cost a lot to run," warns Neil McCartney, editor of Mobile Communications, a *Financial Times* newsletter.

This is what you can expect to pay on a cheap deal. A London company called the Carphone Warehouse sells a fully-fitted NEC 11A for £55 plus VAT (although you can get cheaper). It might not be state of the art but NEC is a respected brand name. The telephone is full-powered and will perform well (it is known as Class II, with a power output of 2.8 watts). And the Warehouse promises to fit the aerial on the roof, which is the best position.

Before you leave the showroom, though, you will have to sign a contract on call charges. This includes a connection charge of £50 and a line (standing) charge of £25 a month. Calls are charged at 33 pence a minute (plus VAT) within the M25 London orbital motorway and 25p outside it.

So, you're frugal and speak for no longer than 20 minutes a day on outgoing calls (no charge is made for incoming). Over a period of six months (say, 180 days) you will speak for 3,600 minutes (that's £1,188 within the M25) and be charged £150 for the line. The 'phone and connection fee is £115 (plus VAT) and the running costs are £1,338 (plus VAT). That makes £1,453; with VAT, £1,670.95.

This means the running costs for six months, as this example shows, can be 2,400 per cent more than the price of a fitted 'phone – and that does not include other extras such as insurance or extra fees to provide itemised billing. "At first, it looks like a good deal, but then you find you're paying a lot," says McCartney. "These deals are a big worry in the cellular telephone industry because they attract bad debtors."

Cheap car telephones also are creating what the industry calls "churn." This refers to the number of people who are so shocked by their first bill that they give up their 'phones. Churn is estimated to run at about 20 per cent, and that is considered too much.

Industry insiders predict a serious shake-out in the retail sector of the cellular telephone business. The main problem is a lack of new customers, especially those people who use their 'phones a lot and pay bills on time. These are known as "quality customers," and everyone wants them. The retailers hope that cheap 'phones will attract more custom. But these deals are really a symptom of the radical changes taking place within a relatively complex industry. It has three tiers:

■ The network provider. Two companies, Vodafone and Cellnet, run government-approved cellular networks. They are allowed to sell only air-time, which they wholesale to . . .

■ Service providers. There are 50 of these companies. They retail air-time and customers sign the contracts with them. A service provider usually sells telephones but they also have alliances with . . .

■ Dealers. These companies sell and fit telephones and introduce customers to the service providers.

In the early days of the cellular network there was high demand, profit margins were good and everyone made money. The market has changed, though. Telephones are plentiful, there are many more dealers, and there is competition from new mobile communication systems such as Telepoint (see story below).

Another new system, called Personal Communications Network (PCN), is on the horizon. PCN will be similar to the cellular system and the Government has laid down broad guidelines, but it is up to the network providers (there will be two or three) to make available the service of their choice.

Although this sounds rather vague, no-one actually knows what types of service will be offered. But everyone is sure that PCNs will offer better-quality telephone lines and they should be significantly cheaper to use than the cellular system. The first PCN is expected in 1992.

This threat has driven the cellular network and service providers into a frenzy of activity. They are desperate for more customers. Their argument is similar to that used by retail banks: once the customers are connected, the vast majority will stay loyal, either because they like the service or because of the trouble it takes to change.

This quest for customers subsidises the cheap 'phone deals through loyalty bonuses and sales incentives. The bonuses work like this. The network provider pays the service provider around £300 for every customer connected to the network. The service provider (air-time retailer) pays the dealer around £400 for each customer. (The difference is made up by the margins the retailer makes on charging for air-time).

Both the network and service provider want the customer to make lots of calls because that is where the real money lies; the 'phone itself is merely a tool to get customers hooked. That's why it is sold cheaply or given away, because the customer is being bought.

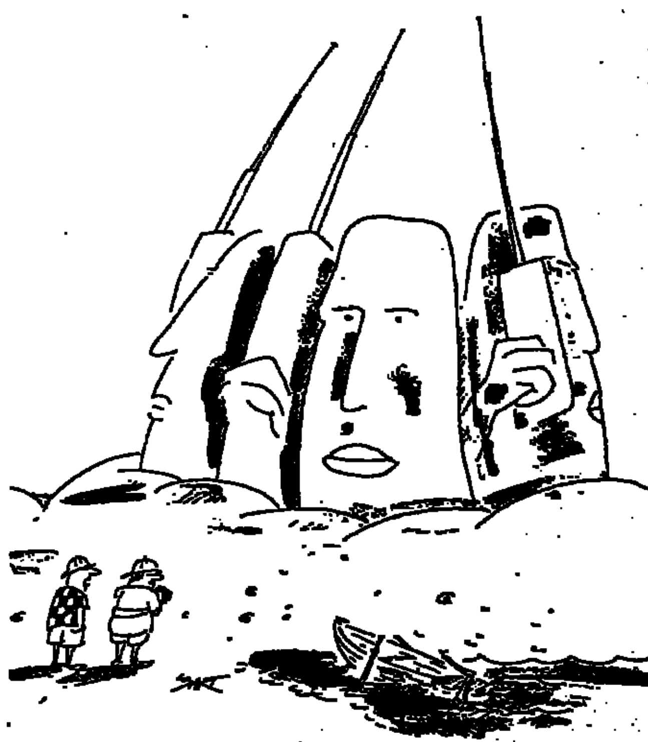
Another way to get customers is to give the 'phone away as an incentive to buy another service. For example, the American airline TWA offers a free Motorola transportable 'phone to anyone who buys a first or business class return ticket from the UK to the US.

You don't have to spend a lot to get a free 'phone. Some office equipment suppliers "give" 'phones to anyone who buys a facsimile machine. But there is a catch. If you accept the 'phone, you must sign a contract to use it for a set period – up to two years on some deals. This means that even if you use the 'phone only for incoming calls, you still pay the £25 a month line fee (or whatever figure the contract demands).

Free (or nearly free) 'phones are offered by many companies. Indeed, anyone who really needs a mobile telephone, and knows all about the running costs, would be wasting money paying the full price for the equipment. "Nobody in their right mind would buy a 'phone these days," says Derek Davey. He runs Airtime Promotions, a company that organises cellular 'phone sales incentives.

But McCartney warns customers to read the small print before they sign the give-away contracts. He found a company offering car telephones on "permanent loan" – but the borrower had to take out an insurance policy that cost more than the equipment.

■ *More advice: The Government's telephone watchdog, Oftel, publishes a booklet called a Guide to Cellular Radio. It is free (no catches) from Oftel's library, Room F78, Atlantic House, Holborn Viaduct, London EC1N 2HQ (tel. 01-822-1665).*



"Okay, you win – their civilisation WAS more advanced than we thought"

Telepoint: more promise than provision

THE PROMISE of tiny telephones that you can pop in your pocket might tempt you to fork out £200 for a Telepoint handset and a further £200 for a home base station this Christmas. But a three-week trial I have conducted suggests you would be wasting your money.

On test were two of the rival pocket 'phones launched in the UK over the past few months. One was operated by Phonepoint, a consortium led by British Telecom; the other by Zonephone, a Ferranti subsidiary. There were four separate criteria:

■ How big is the handset? The Phonepoint's is a neat little machine the size of a pocket calculator; the Zonephone's is about three times the weight, making it not much smaller than a conventional cellular telephone.

You could put it in the pocket of a heavy winter overcoat but probably wouldn't want to carry it around during the summer because any normal jacket or trouser pocket would quickly lose its shape.

■ Can you find anywhere to use the 'phones? With both systems, you have to get within about 100 metres of a public base station to make a call (neither of them can receive calls).

Phonepoint had the sensible idea of providing customers with a map of central London showing the location of each base station. There were also supposed to be Phonepoint signs when you got there. But base stations proved few and far between and it was sometimes difficult to spot the signs.

Zonephone had a list of base stations rather than a map. Unfortunately, it included many base stations that hadn't been installed yet. But Zonephone staff had coloured-in (by hand) those base stations that were actually up and running.

■ Can you hear what the caller is saying? On this criterion, Zonephone scored well. The sound quality was high and, sensibly, the company had chosen places such as Tube stations where there was comparatively little background noise from traffic.

But the sound on Phonepoint was full of glitches and crackles at the best of times – perhaps the trade-off for using such a small handset. Usually, you were lucky to hear even the crackles because Phonepoint had chosen to put its base stations at busy street corners where any conversation was drowned out by traffic.

■ How easy is it to connect them to the system? With Zonephone, the procedure is very complicated. First, you have to charge the batteries for eight hours. Then, you have to punch-in an authorisation code consisting of three special keys and nine ordinary numbers.

The problem is that if you don't punch-in the special keys quickly enough, the handset will not register the authorisation code. The literature, however, does not explain this; as a result, I spent several frustrating days wandering around London trying, but failing, to make calls.

Phonepoint, by contrast, came ready to use with ordinary throw-away batteries. It seemed almost too good to be true. It was. After making no more than half a dozen calls, the batteries ran out.

Phonepoint explained later that although the batteries were supposed to last 30 hours, a faulty batch had come through and it was now changing its manufacturer. Everybody would shortly get new ones.

Many of these problems result from teething troubles, and pocket 'phone systems probably will probably be much better in a few years. Meantime, if you need to make lots of calls on the move, you are better off with a fully-mobile cellular 'phone. If you want merely to stay in contact with your office, get a pager.

And if you want to make just the occasional call out on the street, stick to public boxes. They are warmer, less noisy – and there are many more of them around.

Hugo Dixon

Despatches/Chinyingi

Accomplished Mission

WHEN ON a dark Christmas night 300-pound Brother Charles stepped on a weak plank of the swaying Chinyingi Mission suspended foot-bridge, broke through it, and plunged 90 feet into the swirling Zambezi River, the occasion was decidedly less than festive.

The event illustrated, however, the kind of determination which has allowed the Mission, against the odds, to survive and prosper for more than 30 years in the remote bush of north western Zambia: not only did the bearded and burly Brother Charles manage to beat both the current and the crocodiles and haul himself safely on to a riverbank; he was also able, as he began his fall riverwards, to deposit safely on the planks in front of him the case of beer he had brought more than 700 km.

His colleagues, Sisters Evelyn, Moira, Marion, Bridget, and Anne, probably don't share the same Friar Tuck-like strength, but each possesses the same kind of pluck and resolution. Diminutive, white-haired Irish sisters of the Franciscan order of Divine Motherhood, they, together with three Capucian clergymen at the Chinyingi Mission, have brought minor miracles to their corner of Africa.

Ever since David Livingstone, Scottish explorer and missionary for the London Mission Society, arrived in 1851 in what would later become Zambia, the country has proved fertile ground for Christian missionary activity.

Today about 70 per cent of Zambia's 7m inhabitants are Christian, their number roughly equally divided between Catholic and Protestant faiths. The list of religious orders administering to them is bewildering. Baptists and Seventh Day Adventists vie with Jesuits, White Fathers, Good Shepherds and Sisters of Our Lady of Africa; the Roman Catholic church alone claims 65 different orders with more than 1,500 expatriate missionaries from around the world working in Zambia.

While the Zambian Government has expressed growing concern about the proliferation of unorthodox sects – the country now has the highest population percentage of Jehova's Witnesses in the world – it has good reasons for its strong support of more conventional churches.

About 75 per cent of the country's senior businessmen and politicians, including strongly-religious President Kenneth Kaunda, are missionary-educated. While a continuing deterioration of Zambia's economy has resulted in a steep decline in government-provided social, health, and educational services, the churches have maintained relatively high standards in all these fields. In a country marked by poor management, inefficiency and inability to serve its own population, the churches have become increasingly important sources of not only moral but material welfare.

Chinyingi is just one example of hundreds of missions scattered throughout the vast Zambian hinterland, an area larger than France, Belgium, Holland and Switzerland combined. More than 700 kms from the nearest paved roads or shops, the Franciscan sisters and Capuchin brothers living there have created a remarkable if tiny island of self-sufficiency and order in an endless sea of bush.

The mission sits on a bluff overlooking the Zambezi River and a wide, white sandbank where crocodiles take the afternoon sun. Before roads came to the area in the late 1940s, missionaries used to paddle up the river from the distant town of Livingstone, a trip that took months. Until 1970, 14 years after the mission was established, the only way of getting home from the road 8 kms away on the other side of the river was by dug-out canoe.

"We used to have a lot of trouble with our habits," smiles Wexford-born Sister Evelyn, who has spent more than 40 years in Zambia. "They may have protected us from malarial mosquitoes, but they made getting in and out of canoes rather difficult."

Today that problem has gone. The sisters now dress in practical, work-a-day clothing and can cross the river on the mission's narrow suspension bridge.

"It's thanks to Brother Crispin," says Sister Evelyn, referring to an energetic and ingenious colleague who is as much the mission's engineer as friar. Without any technical training, Brother Crispin has constructed not only the bridge – built after a Sister and a mother-to-be in labour drowned crossing the river on a stormy night – but also a pontoon ferry for cars, a grain mill, and a small dam and hydro-electric plant.

While all these innovations offer benefits to the inhabitants of Chinyingi village and the surrounding countryside, the real work of the mission centres on its 72-bed hospital and t.b. ward. Trained as midwives and nurses, the Sisters of Chinyingi have gone a long way in providing medical attention in Zambezi District, where not one Zambian doctor lives or works.

While the Government maintains a number of rural health clinics in the area, they are poorly staffed and rarely have drugs or medical supplies; many villagers consequently make their way to Chinyingi. The mission also offers agricultural and home-craft training as well as education in primary health care.

"In the old days you could get almost anything in Zambezi," recalls Sister Evelyn. "There were clothes, food, bicycles and spare machine parts in the shops. We used to buy big jugs of wine from the Portuguese soldiers over the border in Angola. Today there is very little of anything."

One of the Sister's greatest concerns is that a growing reliance on the mission by local villagers transforms itself in time into attitudes of self-help and independence.

In the meantime Chinyingi Mission has one not-so-tiny problem of dependence itself. Ever since the night Brother Charles fell into the Zambezi, he has refused to use the bridge; he now spends some time finding villagers willing to paddle his bulky weight across the river.

Nicholas Woodsworth

HOW TO SPEND IT

Things aren't what they used to be in the nursery, as **Lucia van der Post** *discovered when picking the latest playthings*

Toys for a whizz-bang Christmas

AH, BUT things have changed since I was a brand-new mum. I remember it well. Design was the buzzword; fashionable offspring of the time were only allowed to pull to pieces the most impeccably hand-crafted, restrained and tasteful little numbers. As I recall, a handful of cuisenaire rods, left artlessly arranged in corners, was the hallmark of the trendy nursery. Peace and quiet for a few hours on Christmas morning could be bought for well under a tenner. My Little Pony and Barbie Dolls weren't even a gleam in their creator's eye, and Akio Morita had yet to produce the Sony Walkman. But these days letters to Santa, even from the under-fives, make quite fearsome reading. It's all whizz, bang, squidge and splutter.

Lists of stores' top-selling toys this Christmas seem light years away from the kinds of things most of us used to love. At Selfridges they are selling well over 100 Rock 'n Flowers a day at £24.99 each – and not just to children. The Rock'n Flower, for those innocents who have yet to meet this charmer, is a "rock" version of Little Weed from Bill and Ben, the childrens' TV series. In other words, it is a fake pot-plant dressed up as a rock star (I kid you not!) which sways in time to the beat when put near a music source. Next in popularity comes the Ghostbusters proton pack (£27.99), which might most simply be described as a gun to blast ghosts in a most satisfyingly messy way (it ejects "ectoplasm").

What every young chap, including six-year-old William Rhys James of Essex, is after, (apart, in William's case, from his two front teeth) is a Thundercats sword. This, it seems, is *de rigueur* for battle-hardened six to seven-year-olds.

Meanwhile, Lego is scoring a hit this Christmas in the small-boy world with its pirate ship and its castle, though neither come cheap, with the pirate ship "Dark Shark" and its crew weighing in at £44.99 and the Lego Black Fortress at £29.50. Action Force toys still go down a bundle and the best-filled stockings this Christmas will need to be sporting at least a handful of stickers.

Other toys guaranteed to please the five- to six-year-old small boy include what one father has described as "appalling garbage called 'food fighters'." Goodies are armed-to-the-teeth hot dogs and burgers; baddies are slitty-eyed cream slices toting Kalashnikovs. Combat vehicles include an all-terrain wheeled barbecue.

Glasnost and conservation have still to make some headway on the toy scene, although a colleague's eight-year-old son has asked for a Friends of the Earth solar-powered windmill kit.

Computer games still are all the rage, Batman power still rules and for the energetic and extroverted THE toy of the year is the Superskater – a scooter and skateboard combined – which for £19.99 should keep them healthy, happy and out of trouble.

When it comes to little girls the doll of the year for the under-nines seems to be the Oopsidaisy – it will crawl, fall on its face, cry and get back up again, and all for just £32.99. It seems that little girls have yet to hear of take-aways, and instead of imitating Mummy opening the packaging and popping it in the microwave they still nourish romantic illusions of REAL family meals. So the Fischer-Price mini-chef – at £49.99 as expensive as a real one – seems to be in high demand, with much imitation whirring and stirring on the agenda.

For the under-twos my insider information comes from Heather Farmbrough, whose 19-month-old son, Patrick's interests currently waver between domestic activity and racing about in anything that moves. So a model of James the red engine from the Thomas the Tank Engine range is top of the list, but he's also into tea parties in a big way and so will be getting a tea set in red plastic (four cups, a jug, pot and tray, £5) from the Early Learning Centre.

He's also down for a cleaning set (£3.99 from Early Learning Centres) comprising a broom, carpet sweeper, dustpan and brush. Then there's Brio train set (also from Early Learning Centres) - for £19.95 you get three metres of wooden track and wooden train and a bridge, and later on you can always buy more.

Emergency police, ambulance vehicles and fire engines at £2.49 each will find their way into the stocking and he's also going to get a Thomas the Tank Engine which he can sit on and steer. It even has a coach attached at the back.

Heather warns that most of the "suitable for age group" suggestions attached to toys tend to under- rather than over-estimate their precocity. It's better to buy something a bit too advanced – so the child can grow into it – rather than too tame.

Dolls' houses:

A good postal address for those whose children are interested in dolls' houses is The Dolls' House Emporium, Park Hall, Denby, Derbyshire. Tel. 0332-883222. Catalogues are free and the company will post anything to do with dolls' houses, whether the houses themselves (choose from traditional, classical, St George's Hill – very plush, not to say a bit nouveau – Tudor Manor), the furniture, the pottery, the mouldings and fittings, the lighting or even the dustbins and cutlery, doorknobs and plates of food.

Londoners could visit The Dolls' House Toys at 29 The Market, Covent Garden, London WC2E 8RE, where they will be able to find everything from houses to all the miniature furniture, furnishings and accessories, even down to cotton reels and darning mushrooms, patchwork quilts and silver tea sets, that the well-furnished house might need.

HERE ARE a few good, old-fashioned toys that no proper nursery should be without. Some may be expensive, but they are the sort of toys that become heirlooms.

From top left, one of a selection of cuddly, furry animals (lions, tigers, giraffes etc) made by Applause and sold by Tiger Tiger, 219 Kings Road, London SW3. Prices range from £10 to £300. Part of the profit from sales goes to The World Wildlife Fund.

Eminently des. res. all ready to paint, decorate and furnish – made from wood, each house comes in prepared sections which have to be assembled. It is 86.5 cm high by 66 cm wide by 32.5 cm deep and costs £399. This dappled-grey steed stands on a mahogany base and his mane and tail are made from real horse hair; his saddle and bridle stitched in leather by real saddlers. 76 cm high by 121 cm long. £830. Large (54 cms across) cow blackboard with chalk, £9.70. The last three are from the General Trading Company, 144 Sloane Street, London SW1X 9BL.

Tiny (wing span of 12 ins) slot-together balsa wood bi-plane with a propeller powered by an elastic band. Snoopy, featured here, could matched in combat against the devilish Red Baron. £3.99 each, £7.75 the pair from Itridiei 124 Walcot Street, Bath BA1 5BG.

A hand-made wooden working model of a fork lift truck, 11 ins long, hand-painted in yellow and black in non-toxic enamels. The pallet and packing case come with it and the toy can be taken apart and reassembled. £29.50 from Present Surprise, 161-165 Greenwich High Road, Greenwich, London SE10 8JA. Tel. 01 293-4335.

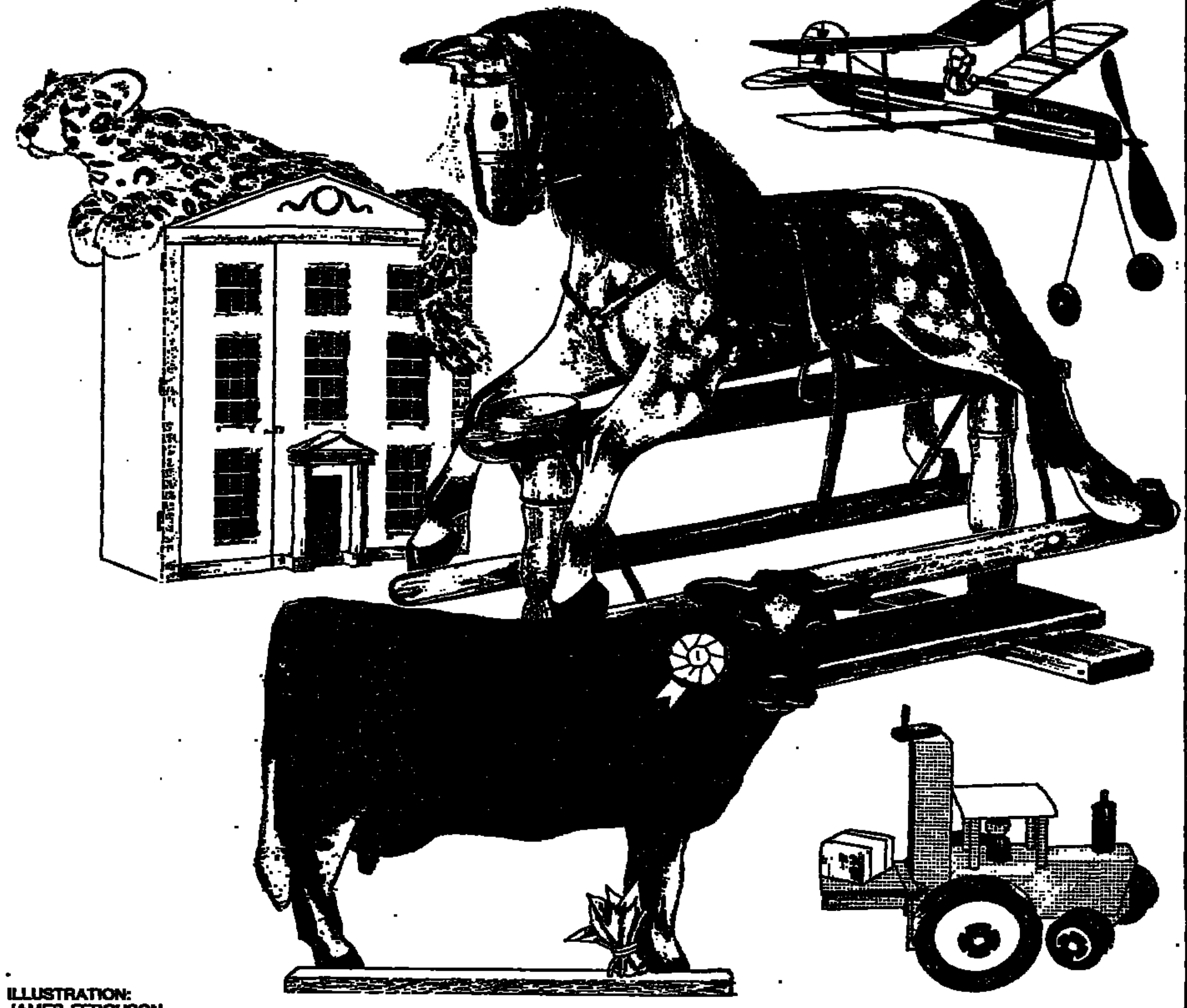


ILLUSTRATION: JAMES FERGUSON

Wheels within wheels

I THINK MY 23-month-old son, Max, wants a car for Christmas. "Think" is the operative word because, although most of his conversation involves rather inelegant variations of the word "car," there is no guarantee that my interpretation of his desire is right. These are anxious days for a novice dad.

There is no doubt he likes cars and there are many in various states of repair around the house. The Tonka Jaguar E-Type needs new wheels and windscreen wipers (the originals were used to pierce the hi-fi speakers).

The Early Learning Centre tip-up truck has never been the same since it fell (or was it pushed?) down two flights of stairs. But the Matchbox Land Rover, a favourite, has so far proved its ruggedness in at least 14 baths and overnight stays in distant sandpits.

Yes, perhaps a car would be a good present. But which car?

I look for help in the most popular publication in our house. Others might be reading their way through the Booker short-list but here we study a 16-page picture booklet that came with the Sunday papers. It is called *A Million Toys* (subtitled "At Low Prices!"). And it is published by that respected firm called "Toys 'R' Us" with, for some unknown reason, the R reversed. I blame it on the comprehensive system.

Max prefers this particular publication above anything else in his library. It's much better than *Roger Mucks In* or *Lydia Out and About* and the well-read *Pop-Up Book of Big Trucks*. He often takes *A Million Toys* to bed to admire the motorised objects in private.

His absolute favourite is the Peg Perego AFRICA TEAM 12 VOLT BATTERY OPERATED BIKE. I don't know why this is in capitals but it looks great and comes at an "unbelievably low" price of only £399.99. Well, I know I'm supposed to be from the generation that spoils children with expensive toys, but this is ridiculous. Twelve volts or not, Max won't be getting a Peg Perego. Not yet, anyway.

The Matchbox 20-piece bumper gift set with "20 exciting die-cast vehicles" seems like good value at £9.87. But Max much prefers two other toys.

One is the Blue Bird Big Red Fun Bus. It has an "upstairs apartment, sun balcony, sliding ladder, spare wheel compartment, furniture and five figures." And at £21.87, even with present property prices, the Fun Bus seems good value.

His other favourite (and this has us a little worried) is the Li'Lady Dolls' Buggy in yellow, red and green at £12.47. It has a swivel hood to make it into a pram or buggy and there are musical chime bells.

I know it's quite normal for little boys to like little girls' toys but the Li'Lady buggy seems to be pushing this equality thing a little too far. We should excuse him, because these catalogues are particularly seductive. I, for example, would love the Adam Leisure Parabolic Microphone, which "picks up long-distance sounds. Headphones and target sight included. For ages five and up. Only £7.94."

Perhaps I had better get Max a car and save both our reputations.

Peter Knight

Time for the bear facts . . .

THERE ARE some who take to Rupert while others turn to Pooh. Paddington appeals to many and even Care Bears have their charm. But one thing is certain – no child should grow up without a teddy (and there are plenty of adults who don't seem to think much of life without a small, furry companion).

Teddies have never been out of fashion since Steiff, the biggest name in bears, called its very first one after US President Theodore Roosevelt. This year, you are spoiled for choice. Almost every store is awash with teddies but, if you want an expert on the subject, go to Teddy Bears at 99 High Street, Witney, Oxfordshire OX8 6LY.

Here, Ian Pout, who used to be "something in the City," devotes his life to bears. He has around 200 in stock at any given moment, some old, some new, and at prices varying from a mere £2.95 for a not-very-nice, Chinese-made modern one to £350 for a brown and beige mohair Hermann bear of 1925 vintage.

When it comes to new bears, the big name is still Steiff. It makes bears for children, starting at about £15, and others for the growing band of adult collectors. Here, prices range from about £35 to £175.

In Pout's opinion, the best, nicest and cuddliest of bears should always be jointed, like the traditional ones, and covered in soft mohair fur, rather than synthetic. Old, traditional bears always used to have black, boot-button glass eyes but, in these safety-conscious days, you will not find a new one that doesn't have plastic eyes.

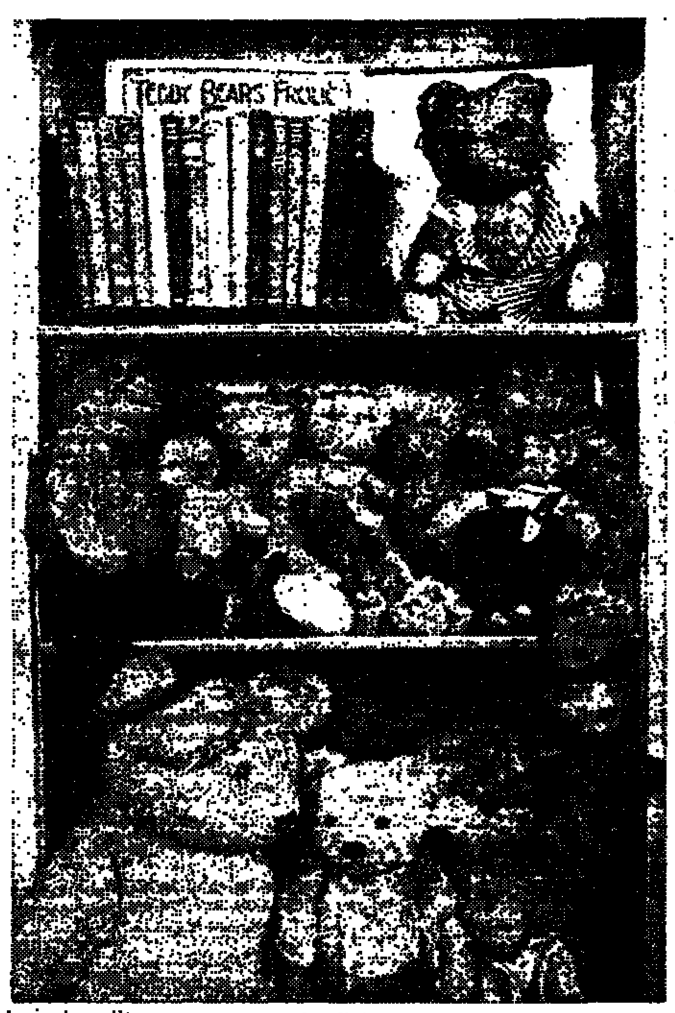
Of course, there are some who believe the best bears are battered bears (last week, an Edwardian teddy bear, between 70 and 80 years old and properly battered, naturally, was sold for £3,300 at auction). And although some companies are introducing bears that arrive on the shop shelves with distressed fur that is meant to make them look as if they have been around awhile, in my book that is cheating – besides which, it shows. Nothing can fake the really battered look that only years of mauling in the nursery brings.

When selling old bears, Pout says that age, condition, make, size, materials, and that all-important matter of "appealability" all help to determine the price. The most he has made was £12,000 last summer for a rare Steiff bear, produced before the First World War, that once belonged to a Russian princess. Pout always has a collection of old bears for sale. At the moment, the least expensive is £25 and most are under £125. However, he has between five and 10 priced between £150 and £500.

Arctophiles (as bear-lovers are known, rather pompously, in collecting circles) might like to know that Teddy Bears also has a large number of items such as soaps, note-pads, candle-holders, cuff-links, balloons, mugs and badges – all bear-shaped (the mind boggles). The shop has an excellent mail order leaflet, so you can easily choose and order by post.

For those preferring to order by 'phone, Teddy Bear Express has a choice of six British-made bears, all fully-jointed and covered in golden mohair of soft butterscotch plush. Sizes start at 12 inches (£23.50) and range up to 40 inches (£173.50).

Gift wrapping and a greetings card are included in the cost but postage and packing is £1.50 extra per bear. Teddy Bear Express is at Parklands House, Keymer Road, Burgess Hill, West Sussex. RH15 OBA (tel. 0444-242-818).



IF YOU'RE tired of whizz and bang, plastic and bright colours, there are two toys that have stood the test of time and still go on giving pleasure. One is spillikins, which seems to capture people of all ages. I'm Potty Over Bridge, a mail order company specialising mainly in bridge-related presents, sells a giant version of spillikins by Traditional Childhood for £12 (plus £2.40 post and packing). I'm Potty Over Bridge is just one of the many small companies, skilled artists and craftspeople listed in The Art of Living handbook (£19.95 plus £3.50 p&p from Art of Living, 11 Kensington Park Mews, London W11). I'm Potty Over Bridge is at Keddington Grange, Louth, Lincs LN11 7HF.

A colleague who despaired of finding any new electronic gadgetry for his computer-satiated 10-year-old bought him a 3 ft balsa wood aircraft kit by Keil Kraft – computer games were abandoned as the creative drive took root. Now for Christmas he wants a bigger, more complicated model. Keil Kraft models are hard to track down – Hamleys, for example, doesn't stock them – but Harrods stocks eight models ranging in price from £4.29 to £11.29.

ARTS

Saleroom

Chinese market awash with 'grave goods'

*A chipped horse is the least of BR pension fund's problems next Tuesday, says **Antony Thorncroft***

ALL MAY yet be well. Last week end the Hong Kong police raided a flat following a tip off, and rescued the Tang horse which was to be the highlight of Sotheby's sale of Chinese works of art in London next Tuesday and which had been stolen a month ago from a Hong Kong warehouse. It had acquired a chip, "the size of a melon pip," according to Sotheby's Chinese expert Mr Colin Mackay, during its escapade but its (comparative) perfection means that it is still on target to make a million, setting a record for a Tang horse, indeed for any pottery figure.

Of course there are Chinese suspicions to take care of – remember the Chinese proverb "never run after your horse" – but fortunately for Sotheby's the Tang horse is not to the taste of the superstitious Hong Kong or Taiwanese Chinese: they still shy away from "grave goods," which the horse certainly was some time around 750 AD. These impressively designed, gaily coloured, sculptures (this one is over two feet high) are sought by the international rich, the collectors perhaps of Impressionist paintings or Tribal art who like to have one impressive Tang horse to show off their refined taste. Despite the chip, it should do well.

But if the horse performs *there are doubts about the rest* of the main auction. The 96 lots come from the collection of the British Rail Pension Fund, built up in the 1970s when art seemed a safe investment compared with the chaos in the stock markets. The Fund sold off its later Chinese treasures, its Ching and Ming porcelain, in Hong Kong earlier this year to great effect, doubling the estimate to £11.8m, and with the Chinese, in particular the new buyers from Taiwan, bidding feverishly.

But this early stuff presents problems. Apart from the comparative lack of Chinese interest, a flood of grave goods from this period has reached Hong Kong from China in the past decade, unsettling the dealers and cutting prices. In a sensible world, the arrival of so many "fresh" items should attract new collectors to a revitalised and suddenly inexpensive market. In the event, vendors still insist on unreasonable reserves and auctions of Chinese works of art can fare very badly – at Christie's New York last week end only around 60 per cent of the lots found buyers. This really is a dead market at the middle and lower levels.

So the Pension Fund cannot expect the kind of returns on its early Chinese ceramics, bronzes, and sculptures, that it has grown accustomed to from auctioning off its Impressionists, silver, Hebrew manuscripts, etc. To date its venture into art has proved a modest success, with the sales producing an annual cash return on its investment of 15¼ per cent *a year (around 7 per cent after* inflation).

But comparing the estimates on Tuesday with the prices paid for the objects in the 1970s shows that the Fund has no expectations of great profits. The Tang horse was purchased from Eskenazi in 1978 for around £150,000 and like all masterpieces has appreciated fairly well. The other major lot, a marble Buddhist stele (or altar) of the late 6th century AD, which Eskenazi sold to the Fund for £150,000 in 1978, only carries a top estimate of £350,000. But this is such a rare item, it is hard to estimate, and with just a handful of collectors for Chinese sculptures, there is a good chance that it could go for much more.

The real problems lie elsewhere, among the archaic bronzes, for example, where a Shang dynasty (around 1100 BC) belt fitting carries a top estimate of £4,000 as against the $8,250 the Fund paid for it at Sotheby's in New York in 1978 – after taking inflation into account this shows a substantial fall in value even if it sells at the top of its estimate. A Shang bronze knife which cost £3,850 at Sotheby's in 1977 has a mid-estimate of only £3,500 – and bronzes, with the Japanese keen buyers, is a comparatively strong market.

Tang horse: despite its escapade it is still set to make £1m

(The record price for any Chinese work of art is the $2.97m paid at auction by Eskenazi a year ago for a 14th century BC buffalo, since re-sold to a private collector.)

Early Chinese pottery (just the kind of stuff pouring into Hong Kong) is in a desperate state and the Fund is offering a storage jar of around 200 BC with a top estimate of £6,000, as against the £9,900 it paid for it in 1978, while an unglazed grey pottery model of a house of the Han period (around 100 AD), bought for £4,950 in 1977, now carries a top estimate of just £3,500.

Of course the great majority of lots in what Colin Mackay describes as Sotheby's best ever auction of early Chinese ceramics should sell for much more than their purchase price, but few will beat inflation. Unless, of course, the sale is a great success, with bidders competing feverishly as they did in Hong Kong and pushing prices way above forecast.

All the big dealers and private buyers should be in town for the auction, which will be followed by a good mixed owner sale. They will make the trip in part to call in on Eskenazi in Piccadilly, which yesterday unveiled a major one owner exhibition. It consists of 45 pieces assembled by the Reach family, formerly of Germany now of the south of France, over the past 15 years. All are for sale, with a collective value of £3.5m, as against Sotheby's £4m estimate for its auction of twice as many items.

Eskenazi won the collection in competition with Sotheby's, partly because it could guarantee an erudite, hardback catalogue which will immortalise the Reach collection, and partly because it has good international contacts, particularly with museums who often find it hard to organise a bid at auction but who can manage slow negotiations with a dealer.

A museum might be the perfect home for one of the two most exceptional pieces in the collection, a ram shaped grey stoneware vessel of the late third century AD, whose only known companion is in Japan. This rare item, in perfect condition, was bought at Sotheby's in 1976 for £51,700, and is now priced at £350,000. Its only problem is a tedious one: collectors of ceramics prefer plates and bowls to sculpted figures, while collectors of sculpted figures are not keen on ceramics. But some of the big buyers of Ming and Ching, particularly from Taiwan, are improving their taste and going for the more challenging earlier objects: they could be keen on this.

The other star piece is a Ming blue and white moon flask of the 15th century AD, which is so Arabic in its decoration that it was probably made for an Islamic believer living in China. Only four similar flasks are known. This one sold at Sotheby's ten years ago for £55,000. The exhibition, which covers the whole range of Chinese art, from 2nd century BC Han pottery to 16th century Ming porcelain, continues until December 22.

Mini moguls shop in New York

ALTHOUGH F A O Schwarz on Fifth Avenue boasts that it is the greatest toyshop in the world, no self-respecting Manhattan toddler of today would be caught dead near the place. Kids like these don't buy toys and play with them: they invest in them. Just as their mummies and daddies (sorry, their Moms and Pops) have discovered that art is the same as a stock or a bond, or any other investment, the discerning New York 5-10 year-old now looks at toys, dolls, and any number of other items, strictly in terms of their asset value.

And if these mini moguls of asset management are not shopping at F A O Schwarz, where do they go? Why, to Sotheby's and Christie's. As for writing to Santa, that too is a thing of the past. Today's tots call up Sotheby's Financial Services and arrange financing so that they can bid for the teddy bear, the tin soldier, the clockwork car or whatever else they want.

This is a bull market and the auction houses know it. Sotheby's call their sale on December 15 and 16 "Collector's Carousel," and Christie's will sell "Dolls, Toys, and Rock-'n'-Roll memorabilia" on 14 December. This sale is in their secondary saleroom at Christie's East while over at their Park Avenue rooms on December 16 one could be forgiven for thinking that Mae West was on offer. She is on the catalogue cover, but it is only the piano at which she is seated that is available.

It is just one of the lots in a sale of furniture, *objets d'art*, and paintings from Paramount Film Studios. The photo of Miss West and her "Fine Baroque style giltwood and painted Grand Piano" is a still from *She Done Him Wrong*, in which Mae uttered her most famous line, "Come up and see me some time." The piano, which starred in almost as many films as Mae West herself – including *Sunset Boulevard* and *The Carpetbaggers* – is estimated at $60,000-$90,000.

This sale is really for grown-up children as one needs to remember such films as *Citizen Kane, Last Train from Gun Hill, Notorious,* and *Let's Dance* in order to appreciate the various lots; but, even if one is not a film buff, the queen's throne from *Mary of Scotland* (estimated $4,000-$6,000) or Moses's cradle from *The Ten Commandments* ($5,000-$7,000) could be useful things to have around. The latter is "Empire style parcel-gilt and mahogany" and it swings, appropriately, from Egyptian caryatids.

But to return to F A O Schwarz. Its most expensive item this year is a Monopoly Set based on Atlantic City. It is made entirely of gold and precious jewels and it sells at $1 million! Now that is the Van Gogh "Irises" of toyland. Shrewd collector-ettes are sticking with train sets. There are several at Sotheby's on December 15 and 16. The best is a 1902 German hand-painted "Marklin" with a clockwork locomotive, tender, luggage van and several passenger cars (estimate at $5,000 to $6,000). Tin touring cars, sedans, and roadsters are cheaper at about $1,000 to $2,000.

The most expensive dolls are French. Two in particular are very elaborate with cork pates, pierced ears and paperweight eyes. Needless to say they are beautifully dressed and coiffed. They are estimated at $15,000-$20,000. Then there are swivel-head dolls and ball-jointed dolls, dolls that walk, talk, and blow kisses. One comes with her entire trousseau in a trunk (estimate $1,000-$1,500); another, at the same price, is entirely naked.

The sale also includes a variety of mechanical music boxes, phonographs, street organs, juke boxes and a "reproducing grand piano" (estimated $7,000-$10,000) and several automatons. Hollywood memorabilia includes Marilyn Monroe's red evening dress from *Gentlemen Prefer Blondes* ($8,000-$12,000), her bra and corset from *Let's Make Love* ($1,500-$2,000), and Charlton Heston's leather costume from *Ben Hur* ($5,000-$7,000). Top lot is that blue and white check pinafore which Judy Garland wore in *The Wizard of Oz*, estimate $20,000-$25,000.

The William Doyle Galleries are pitching into this week of Christmas shopping with a sale of Prints, Books, and Autographs. There are Audubon birds and Currier & Ives views, but there are also lithographs by Picasso, Miró, Braque and Whistler. One lot, estimated at only $100-$200, consists of 38 autographed letters from such British artists as Lord Leighton, G F Watts, Alma Tadema, and Luke Fildes. Richard Nixon's autograph is also on offer as are signed photos of Hirohito, George VI, Edward VIII, and Frank Sinatra.

And were there any children viewing this sale? Not at all: they know that a saleable collection of autographed photographs is most easily assembled by means of carefully worded fan-letters.

Homan Potterton

Days of wine and Rubens

Record prices for top Bordeaux prices of first-growth Bordeaux made records this week at Christie's finest and rarest wine auction, writes *Edmund Penning-Rowsell*. These, with previous top prices in brackets, included cases of Latour 1928, £3800 (£3400); Haut Brion '29, £2600 (£1550); Lafite '45, £3600 (£2800); Latour '59, £2100 (£1300); and Mouton-Rothschild '59, £2600 (£2100).

Twelve cases of Latour '49, sent by the chateau to celebrate the 40th anniversary of the vintage fetched £3100 apiece (£1900), while a hundred cases of Mouton-Rothschild '70, probably bought in a slump-year sale in 1974 at £50 a case, now made an average of £780-£900 a case, a total of £80,600 (£5000). Then a saleroom battle bought extraordinary single-bottle Yquem prices: 1893, £1150 (£450); 1935, (£950) (£155); 1937, £1200 (£340); and 1948, £1100 (£210); a single bottle of non-chateau-bottled 1866 from the Duke of Beaufort's cellar making an unprecedented £1900.

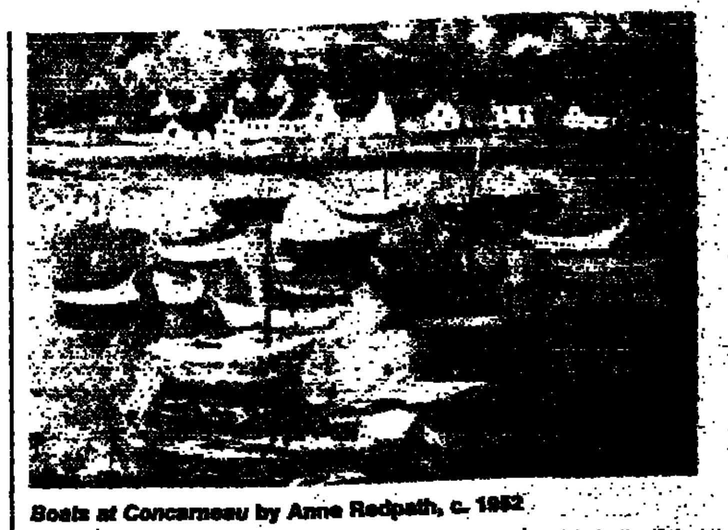
Among ancient Madeiras, a single bottle of the celebrated Blandy 1792 reached £1050 (£640), while now fewer than 80 cases of Bual 1827 went for a total of £31,000; and 70 cases of Malmsey 1830 brought £37,500. The sale total was £418,700 with 91 per cent sold.

"A FOREST at Dawn," one of Rubens' rare landscapes and probably the last in private hands, was sold at Christie's in London yesterday for £3.3m, a record for the artist. The vendor was the Trustees of the 1987 Williams Wynn Settlement; the buyer the London dealer Artemis Fine Art.

The Rubens was the *star lot* in what proved to be Christie's best ever (in terms of total) auction of Old Masters. It made £16.24m, with 11 per cent unsold. Guardi seems in demand these days and after the £9.9m Sotheby's secured for a Venetian view on Friday week, Christie's made £3.8m yesterday for a view near Padua. Two views of Venice also beat their estimates, one by Canaletto selling for £1.1m and one by Marieschi for £902,000. A picture found in a spare room at Houghton Hall in Norfolk and recognised as a lost Italian landscape by Claude sold for £495,000.

The work of the Scottish Colourists stays popular, Christie's making £2.5m for a Glasgow sale of 67 paintings on Thursday night. The record £352,000 paid for a 1910 portrait by Fergusson – of Elizabeth Dryden, "La Cocarde" – trebled its estimate.

Antony Thorncroft



Boats at Concarneau by Anne Redpath, c. 1952

Modern, but not contemporary

***William Packer** reviews the London galleries*

THE ART-WORLD usage, "Modern British," is not quite the straight-forward description it might seem. Its scope is the entire modern period, which by now extends back at least a century, to Whistler, Steer and company, but it excludes the contemporary. The actual threshold has of course to be forever creeping on. Quite where it now sits is unclear, but it must be about the early 1960s. The rule is to include the work of artists now dead whose careers fall within the period or, at a pinch, the work of senior living artists.

It is a category which has enjoyed a spectacular growth in both interest and price over the past 20 years. It sustains many galleries, and always there are at least two or three significant shows current in London.

Anne Redpath died in 1965 at the age of 70. She was a product of the Edinburgh College of Art and thus steeped in the Scottish tradition that has been so rich a strain in British art in this century. The show now at the Portland Gallery (2 Holland park Terrace, Portland Road W11, in a association with Bourne Fine Art: until December 19) is retrospective, and in it we can see various determining influences – of Melville, Mackintosh and the colourists, Peploe, Fergusson and Cadell.

But Anne Redpath was always a distinctive painter, true to her own vision. Here we follow her personal development, as her colour grows richer, her handling looser and more openly expressionist. And the imagery changes, too, from the cooler and more reflective landscapes and interiors to the fiercely resonant and assertive still lifes. By the time of her death, to speak of the Scottish tradition in contemporary painting was as much to summon up Anne Redpath as any of her mentors and fellows. And here are all those dense, free flower paintings and the characteristic, richly encrusted church interiors of her last years. Scottish Painting? Oh yes – Anne Redpath, of course.

Much has been made in recent years of a vigorous younger generation of Scottish painters, but it has not come to us out of the blue. This rich exhibition is not only a delight in itself, but a timely reminder of that essential continuity.

Patrick Bourne's monograph (Bourne Fine Art, £20) is a thorough and overdue study of an important artist.

Keith Vaughan (at Austin/Desmond Fine Art, Pied Bull Yard, 15a Bloomsbury Square WC1: until December 19) is another painter to have suffered an undeserved interval of critical neglect. He committed suicide in 1977, at the age of 65, despairing of the cancer that afflicted him, at which time he was an established, well-respected and settled figure in British art, exhibiting regularly and his work in major public collections around the world. His almost immediate critical eclipse is odd enough, but what makes it the more extraordinary is that within a year or two of his death, figurative painting was back at the centre of critical attention. For an artist as serious and accomplished as Vaughan undoubtedly was, and as well-established, to be so much forgotten while artists half his worth were celebrated, is inexplicable.

This too is a retrospective show, though mostly of smaller canvases and works on paper. The neo-Romanticism of the 1940s, and the close affinity with such painters as Minton, Craxton, Colquhoun and MacBryde, are clearly shown – all of them subjects overdue a serious reappraisal, John Craxton, in particular, who is still very much alive and active. But more intriguing here is the view we have of Vaughan's gradual transition, away from a more conventional and graphic romanticism, towards his own highly personal and romanticised version of cubism. Simplified and abstracted as they became, his paintings remained quite clear in their direct reference to the human figure and the natural world. Vaughan the humanist, the most humane of Modern British painters.

The show of early 20th century British Art at the Lefevre Gallery (30 Bruton Street W1: until December 20), is a small but rich anthology of choice works by some of the most covetable painters at the top of the market. Sickert and Spencer, Cadell and Peploe, Burra and Redpath, Augustus John and Matthew Smith: all are there. But for me the star is William Nicholson, with two exquisite still lifes, as naturally gifted and still the most generally under-rated of them all.

Records

All fingers and thumbs

MAURIZIO POLLINI belongs to that most gifted of post-war generations of pianists which also includes Argerich and Ashkenazy, and there was a time when he seemed likely to prove the most enduring and searching of them all. No one doubted his technical abilities, or his intellectual discipline; it was easy to imagine his interpretations maturing and deepening with age. Now, though, Pollini is securely middle-aged and his playing is troubling: still fearsomely accomplished and rigorous, but steadfastly unsmiling, as though any personal thoughts on the music must be concealed at all costs.

Contrasts between the current interpreter and the huge promise of a decade and a half ago are offered by the reissue of a CD portrait of Pollini, containing his versions of the Wanderer Fantasy, Beethoven's Sonata Op.101 and Schumann's C major Fantasy (Deutsche Grammophon 429 372-2), all recorded in the mid 1970s, and a brand new recording of four Beethoven sonatas (427 642-2). The two fantasies especially offer glorious, imperious playing; the hair-raising difficulties of Schumann's march are taken head-on and the outer sections are shaped on the grandest scale, without any self-conscious rhetoric or fussy distortions.

The Beethoven disc is technically just as accomplished. In the outer movements of the D minor Op.31 no.3 the playing has an energy and direction that are hard to resist; Op.81a, Les Adieux, is attacked with knife-edge precision; every strand of the Waldstein Op.53 is aurally distinct. But now this playing only creates an impermeable carapace, a barrier to any natural expressive tendencies; the listener is allowed to look and to admire, but not to be touched.

No less intellectually rigorous but at once more humane and compassionate is a live recording from the Vienna Konzerthaus in 1987 of Rudolf Serkin playing the last three Beethoven sonatas (DG 427 498-2). At its best, and the A flat Sonata Op.110 is the outstanding performance here, this is peerless Beethoven playing, technically secure (and not every Serkin recital in recent years has been that) and always searching. In Op.109 there is some uneveness, Serkin takes time to settle into the first movement, and never quite achieves a poise; in Op.111 the opening is not charged with the grandeur it can contain. But this is to measure by the standard which Serkin sets in Op.110, in which every facet of the sonata is explored, and laid out in the most truthful manner, without a trace of self-regard. This is an account to set alongside Solomon's, Schnabel's or Arrau's, and to be treasured.

On first sight a seven-disc collection of the Schubert piano sonatas from Afred Brendel (Philips 426 128-2) ought to bring forth a similar collection of superlatives. Brendel's two earlier Schubert voyages, in the 1960s, and 1970s were endlessly rewarding, fresh, inventive and communicating the best kind of intelligent curiousity. The new performances, all recorded since 1987, show few hints of these qualities.

It seems quite wrong to conceive of a Brendel performance as unconsidered, or wilfully eccentric, but that is the impression that many of these sonatas leave. I suspect that the opposite is true, that Brendel has been called upon to trawl over these works so often in the last 20 years, in an effort to offer something fresh for yet another Schubert cycle in yet another capital city, that his "insights" have been reduced to mannerisms and it is impossible for him to rekindle the excitement that playing these works once held.

This new approach is coupled with an unpleasantly wiry piano tone; Brendel has never been the most tonally seductive of pianists but there is an aggressive edge to the sound here which coupled with the surly way in which he begins, for instance, the C minor Sonata D.958 (a work that was one of the marvels of his previous Philips set) produces a thoroughly unpleasant effect. Nothing in this set dances or floats, not the finale of the D major Sonata D.850 nor any portion of the G major D.894; very little is allowed to sing. There is no pay-off in architectural terms either; a comparision of Brendel's A major D.859, full of hesitations and flurries and a quite petulant treatment of the central section of the Andantino, with Serkin's spacious, humane old account (which must return on CD) shows how little Brendel does to make sense of the structure or to channel its drama. But when the first movement of the A minor Sonata D.784 flares into life one remembers how Brendel once played all these works more thrillingly than any pianist alive.

Brief welcomes to a clutch of reissues. CBS's two-disc set of Glenn Gould playing Haydn's last six piano sonatas (M2K 36947) first appeared in 1982, though not to the best of my knowledge in Britain. It is predictably full of splendid, ear-opening things, pianistic effects of the most sophisticated kind and the constant presence of a mind using all that technique to illuminate and explain, regardless of classical manners.

RCA have compiled four self-recommending discs of Vladimir Horovitz, each filled generously with one of his specialities. There is a selection of Clementi sonatas, some from concerts, other from the studio (GD87753), a Rakhmaninov collection (GD87754) containing the Third Concerto in the 1951 performance under Reiner and the Second Piano Sonata from a concert in 1980, some Schumann (GD86680) – the F minor Sonata Op.14, the Op.20 *Humoresque* and Op.111 *Fantasiestücke* – while the Skryabin disc inserts the third and fifth sonatas between clutches of studies and preludes. All four make the best possible memorial to Horowitz, far more convincing than the series of new recordings from the final years of his life.

And light years away from Horovitz is a disc devoted to Dinu Lipatti (EMI Références CDH 7 63038 2). Inevitably it omits some of one's favourites (no Bach, no Mozart) but there is his Chopin B minor Sonata in all its glory; listening to that it's impossible to imagine the work better or more movingly played.

Andrew Clements

Fairy-tale dance to the music

MacMillan's Prince of the Pagodas provides Britten's score with the ballet it richly deserves, says **Clement Crisp**

THE PRINCE of the Pagodas is, as Donald Mitchell writes in a programme note, Britten's biggest and longest purely orchestral score. It was made for John Cranko's fairy-tale ballet (which combined elements from *Cinderella*, *Beauty and the Beast*, even *King Lear*) in 1956 and, naturally enough, fixed character and situation with absolute exactness.

Hearing the score again in the theatre on Thursday night, when Sir Kenneth MacMillan's new version of *Pagodas* received its first performance, I was struck, far more than in the Cranko staging of 30 years ago, by the intensity of dramatic flavour, the clarity of portraiture, that Britten provides. In this has lain the inhibiting factor for anyone seeking to bring the music back to the theatre. Cranko's libretto was conceived as a peg on which to hang dances. The weakness of the action denied any real emotional life to his characters, and fine though Cranko's choreography often was, the absence of coherent or gripping dramatic argument was ultimately to cost his ballet its place in the repertory.

The masterly score remained. Could anyone — though Heaven forbid that anyone should — re-choreograph *The Sleeping Beauty*? The question is posed since behind Britten's writing there lies the example of Chaikovsky's most perfect masterpiece, which served as a point of reference for composer and choreographer in 1956. MacMillan, during a decade in which he has periodically contemplated restaging *Pagodas*, has realised that a radically altered narrative for this score is unthinkable. Character, incident, are so explicit that change would deny the music utterly. Hence Colin Thubron, as new librettist, and MacMillan have decided on a strengthened but only slightly adapted scenario, while giving the original story an added seriousness of emotional values.

The action still tells of an old Emperor dividing his realm between his daughters, the Princesses Epine and Rose. How Epine casts an evil spell on the kingdom; seizes power from her father; turns Rose's betrothed prince into a salamander, and how at last Epine is defeated and Rose's compassion wins her the prince and restores her father to happiness is essentially Cranko's tale. Colin Thubron and MacMillan have provided a subtext concerning Rose's journey of self-discovery which allows MacMillan to consider elements that have ever concerned his finest choreography. And, be it immediately noted, the choreographer has responded with some of his most radiantly open and classically brilliant writing.

Sleeping Beauty must inevitably be in our minds when watching this new *Pagodas*. Not because there are elements of pastiche in score or dance, but because Chaikovsky and Petipa have served as example and inspiration. The narrative, the formal structure of the music with its short and marvellously crafted incidents, succinct and sharp in drama, invite and receive choreography of comparable felicity and emotional resonance.

A prologue sets the scene, and the first act shows the kingdom under Epine's curse, a monkey court surrounding a doddering monarch (Anthony Dowell magnificent as a kind of senile baby). Kings from the four corners of the earth come to court Epine (Fiona Chadwick, maliciously dazzling in step), each representing some flawed aspect of manhood. The King of the North (Antony Dowson) is brutish; the King of the East (Bruce Sansom) is narcissistic, in a prodigious variation of slow controlled steps and quick trippings, ever consulting his image in two mirrors; the King of the West (Mark Silver) is a nincompoop; the King of the South (Ashley Page) is of menacing sexuality.

Princess Rose (Darcey Bussell, whose freshness and technical grace give the role exquisite life) also rejects the Kings, and it is the ambiguous figure of the Fool (Tetsuyu Kumakawa, bounding through the action as if air were his element) who guides Rose into a spiritual journey that takes up the second act. The Fool seems a symbol of the power of innocence, a Zen figure, and leads Rose to self-discovery as she faces the nightmare elements of her world, until she at last finds the Prince (Jonathan Cope: noble, expressive) whom she can see only as a salamander, though when she dances blindfold with him he takes on human form.

In the third act Rose returns to what is now Epine's realm. Her compassion frees the Salamander from enchantment, and he battles with the four Kings, defeating them, so that Epine is vanquished and truth and spiritual health are restored to the Emperor's kingdom.

MacMillan presents this action through a torrent of dancing, classical in manner, ever inventive in revealing character. The choreography is set within the framework of a production that, like Nicholas Georgiadis' grand and stylish design, has the clarity and directness of a child's storybook, but also the psychic reverberations that are the other world of fairy-tales. We are aware of the deeper meanings, but what greets the eye first is a dance spectacle of tireless virtuosity. There will be much more to say after further viewings, and it suffices at the moment to salute the entire Royal Ballet performance, not least the soloists who are so handsomely displayed in the writing for the clouds who feature in Rose's journeyings.

The principal players are magnificent. For Darcey Bussell, so radiant in her gifts, with floating jump and lovely ease when faced with the exciting demands made by MacMillan, every praise. For Jonathan Cope, great admiration for his sensitivity as the salamander and his shining power as the prince. Fiona Chadwick gleams with menace and dances superbly as Epine; Anthony Dowell is both commanding and pathetic in a role which MacMillan has now made crucial to the drama, and the Four Kings, the dazzling Fool of Tetsuyu Kumakawa, Leslie Edwards as a Counsellor, and four grotesque doctors, are all marvellously conceived and interpreted. Ashley Lawrence, happily returned to the Opera House, led a most satisfying account of a score whose riches have been restored to the theatre.

MacMillan shows in *Pagodas* how the language and formulae of the old classic ballet are still true and vital exactly a century after *The Sleeping Beauty* was first performed, not through blind emulation, but through love and understanding and trust. A grand achievement.

Alastair Muir

Darcey Bussell and Jonathan Cope

Curiosity casting rules this Christmas

***Claire Armitstead** finds that newsreaders and athletes dominate the panto map*

THERE ARE few more reliable guides to the vagaries of popular taste than the pantomime season, nor is there any more testing time for the duffers who cannot tell their EastEnders from their Neighbours. But a quick glance at this year's panto-map shows that top-billing is no longer the sole preserve of the soap actor with a single to flog. Newsreaders and sports personalities are also in high demand in a multi-million pound industry which is regarded as the blue chip of showbusiness.

Competition for the top names is fast and fierce. No sooner had this year's batch signed, sealed and delivered than the search for next year's began in earnest. Nick Thomas, an ex-puppeteer who partners an ex-magician in the production company Nick Thomas Enterprises, has strings in eight pantomimes centred around what he calls the "M5 circuit." His prize billings this year include Barry McGuigan's pantomime debut as henchman to Linda Lusardi's Snow White at the Hexagon, Reading; and later at Leeds Grand, and Ronnie Corbett's first panto in 15 years — *Cinderella*, at the Theatre Royal, Newcastle.

Mr Thomas, who prides himself on his willingness to put anything into panto as long as it can act, steers well clear of unemployed Neighbours and looks back fondly to the year when he imported *Startrek's* Mr Sulu from Los Angeles to play the genie of the lamp. His track record means that the sports celebrities of yesteryear with an eye to becoming the personalities of tomorrow will often beat a path to his door.

His teamings this year include gymnast Suzanne Dando and shotputter Geoff Capes in *Jack and the Beanstalk* in St Albans, while Roland Rat and Annabel Croft are proving a less happy match in Crawley, where fear of the television rodent rather than disenchantment with British tennis is held responsible for a slump in bookings.

But the sports fixture of the year is claimed by Paul Elliott's E&B Productions, which is responsible for Frank Bruno's debut in *Aladdin* at the Dominion in London. E&B's 22 productions across the country can be guaranteed to produce some of the most extravagant billings — not least *Aladdin* at the Palace, Manchester, in which Paul Nicholas has extraordinarily negotiated himself top spot, above Eartha Kitt and the latest Dr Who, Sylvester McCoy.

E&B are also responsible for casting Gordon Honeycombe with Cilla Black in *Aladdin* at the Wimbledon Theatre, while the celebrity status of the humble newsreader receives further confirmation in Stevenage, where Richard Whitmore is appearing in *Cinderella*; at Newcastle's Tyne Theatre and Opera House, where Peter Woods is tackling *Aladdin*; and at the Princess Theatre, Torquay, where Jan Leeming makes her return in *Cinderella*.

Such arbitrary star-billing, of course, has its risks, as the producers of *Treasure Island* discovered to Frank Windsor's cost a short way into rehearsals at London's Mermaid Theatre. An African grey parrot called Humbert, belonging to the former motor racer James Hunt, had to be unceremoniously sacked for unprofessional conduct and replaced on Long John Silver's shoulder by a humble macaw called Louis, from Norwich.

But curiosity casting still rules the roost in an industry which this year brings you Linal Haft, of British Telecom advert fame, in a solid *Dick Whittington* cast led by Suzi Quatro, Ted Rogers and Alfred Marks at the Cliffs Pavilion, Southend, while That's Lifers Adrian Mills and Grant Baynham head another at the Arts, Cambridge.

Gyles Brandreth, who went so far as to found the British Pantomime Association, shares the bill with Bonnie Langford and sundry small screen favourites at the Yvonne Arnaud, Guildford, while for those who like their laughs to come with some sort of guarantee, there is always Spike Milligan and Paddington Bear in *Snow White* at Tunbridge Wells, and the drag duo Hinge and Bracket, appearing for the first time together in pantomime, alongside the redoubtable Bernard Bresslaw at Plymouth's Theatre Royal.

But some of the best pantomimes year after year are the smaller-budget independent ones devised with an eye to local purses and preferences. The Theatre Royal, Stratford East, can usually be relied on for a party atmosphere and a well-rounded show — this year it's a new *Cinderella* from David Cregan and Brian Protheroe — while Camden's Shaw Theatre, which has traditionally provided one of the best-value family entertainments in London, makes a welcome return after a year's absence, with Bill Oddie in *Dick Whittington*.

There is also plenty around for those who cannot stand pantomime at any price. The National Theatre offers *Whale*, a new ecologically-minded piece from David Holman aimed at seven to 12-year-olds, while the Royal Shakespeare Company, with a bold disregard for seasonality, has opted to lead its mid-winter programme at the Barbican with *A Midsummer Night's Dream*.

Bearing out the theory that the producers of Christmas shows are enthusiasts first and business brains later, Vanessa Ford, whose production company has four shows on the go this season, is making a rare appearance herself on stage as Mrs Tubby Bear in a new adaptation of Enid Blyton's *Noddy* books, which opens at the West End's Playhouse Theatre next week in repertoire with the tried and tested *Winnie the Pooh*.

Both are adapted by Glyn Robbins, as are Vanessa Ford's other hardy perennials, *The Lion, the Witch and the Wardrobe*, now six years old, and *The Magician's Nephew*, two, which will run at the Westminster Theatre in a collaboration with Aldersgate Productions. Ms Ford also has an unusual 50/50 deal with Birmingham Rep this year to produce a lavish new version of *A Christmas Carol*, adapted by Ron Pember, with design by Tim Goodchild and lighting by Paul Pyant. This joins the customary batch of Dickens adaptations, including the return of David Holman's excellent *A Christmas Carol*, to the Young Vic, Waterloo, with Colin Farrell as Scrooge.

Among the other reworkings of classics, Chichester Festival Theatre's *Wizard of Oz* should be worth a visit, as should Glasgow Citizens' staging of *The Sorcerer's Apprentice*, while Leicester Haymarket partner *Cabaret* and *Stig of the Dump*, the latter premièred last year at the Contact, Manchester. Leicester also boasts one of the potential bon-bouches of the season, with *Chicken Tango*, returning all-too-briefly to the Phoenix Arts Centre. This "comic love story for clumsy people" is performed by the Canadian Fiona Gordon and Belgian Dominique Abel in the broad physical tradition of Theatre de Complicité — a different fowl altogether to Stuart Hepburn's *The Turkey that Fought Back*, whose billing as Britain's first green christmas show is evidence that at the Traverse, Edinburgh, at least, conscience and Christmas do mix.

Humbert: or is it Louis? Treasure Island at the Mermaid

Radio

Wishful dreams of papal power

RADIO 3 sensibly repeated the 20-year-old recording of Peter Luke's *Hadrian VII* on Friday of last week to make a pair with his *The Last of Baron Corvo* on Tuesday. There was Alec McCowen in his memorable performance as Fr Rolfe. In Rolfe's novel, on which the play is based, the protagonist is called George Rose, but he is so obviously a wishful projection of the author that there was no harm in completing the equation.

The fictional Rolfe, like the real one, is an unsuccessful aspirant for orders in the Roman Catholic church, now living as best he can on freelance writing. Two bailiffs come to his room to distrain on his possessions for unpaid debts; and soon after they have gone two more visitors arrive, the Archbishop of Pimlico and the Bishop of Caerleon. Their mission is to take Rolfe to Rome, to complete his ordination. A conclave happens to be sitting in the Vatican at the time, to elect a new Pope; and who should they elect but the newly-ordained Rolfe?

This new Pontiff, who chooses the name Hadrian VII, makes many astonishing decisions, like renouncing temporal power and distributing the Vatican treasure; but before much is done, he is assassinated by a Scottish socialist, Jerry Sant, alarmed by the Papal politics. The bailiffs, alas, return to puncture this amazing dream.

What gives the play, still more the book, such particular interest is the familiarity (real or invented) with internal Vatican proceedings, rendered with picturesque conviction in Martin Jenkins's direction. It is made yet more cogent by McCowen's fine playing as Rolfe, an arrogant derelict gifted with powers he has only dreamed of.

Rolfe returns to life in Peter Luke's other play, *The Last of Baron Corvo*. "Baron Corvo" was one of Rolfe's many aliases, but at this time he is living in Venice under the name of Crabbe. We meet him sailing his *topo* round the coast, until he encounters a violent storm. There has been an earthquake; he goes ashore and finds two peasants dead in their wrecked home, their daughter Zilda helpless.

As Zilda (Richard Pearce) looks like a beautiful 16-year-old boy, one of Rolfe's weaknesses, he takes her on as his servant, finds her a home, changes her apparent sex, renaming her Zildo, and begins a hopeless attempt to live without money, sleeping in his own gondola until the rain prevents it. A lot of the play is presented in narrative, written in imitation of Rolfe's elaborate style, and Alec McCowen (who is still Rolfe) makes a great job of distinguishing Crabbe from Rolfe, the one conversing, the other relating, in different aspects of the same voice.

There is little more besides the account of living in Venice on nothing, the lack of help from friends in England, the unattractiveness of tourists, the tireless loyalty of Zildo, who clings to his penniless employer until cold and exhaustion lead to death from heart-failure. The story is full of interesting matter, all the same, with each detail made to seem more important than it really is. Glyn Dearman was the director.

Religions of a kind different from Rolfe's Catholicism were in Radio 4's Monday play, *Obeah* by Michele Celeste. This was about an old Jamaican preacher (Joseph Marcell, excellent) who runs a church in Brixton but secretly keeps an obeah drum hidden under the altar, as he dreams of the old days when Jamaica was a more pagan land. The tale, at first compassionate, becomes wilder until it ends in the Brixton riots of 1981. Michael Fox was the director.

And I must say a word for Radio 4's *Girls Will be Girls*, at 11 pm on Saturdays. The comic entries in this slot haven't always made me laugh, but this little revue, played by Rebecca Front and Sioned William occasionally made me think of the golden age of revue at the Gate half a century ago. I know no higher praise.

B.A. Young

CHESS No. 801

1 Bd8 (threat 2 Qe7 and 3 Qh4 mate). If 1 ... Rxd8 2 Ne8 and mate next move. The trap is 1 Bf6? Ba3 2 Qb7 (if 2 Qd7 Rb8 gives check) Bxd6 3 Qh1+ Bh2.

SPORT

The shame of it all . . . Norwich and Arsenal players brawl at Highbury. The fight cost the two clubs a total of £70,000 in fines

Crowds up, discipline down

***Philip Coggan** surveys the soccer season so far and finds some cause for complaint*

NEVER MIND the quality, look at the crowds. Soccer is embroiled in its usual mid-season set of controversies but, for once, the underlying news looks good. Aggregate league attendances are more than 500,000 higher than last year and even Division Four crowds are up by an encouraging 8.85 per cent. Like every other branch of the entertainment business, the health of football depends on bottoms on seats (and feet on terraces). The potential disappointment in the good attendance figures is that crowds may be boosted by this being the last season before the introduction of the national membership card scheme. Thus, supporters may be enjoying the freedom to turn up at an attractive fixture while the right to do so still exists.

A close race for the championship could also be helping to sustain interest. Three clubs on 30 points are separated only by goal difference with last season's championship contenders, Arsenal and Liverpool, joined by a resurgent Aston Villa. Graham Taylor, the young Villa manager, is doing no harm to his chances of replacing England supremo Bobby Robson when he retires.

Today should be a good test of Villa's strengths as they visit Liverpool at intimidating Anfield. Liverpool's form has been strangely erratic so far this season, although they have been beset by injuries. It is a tribute to their reputation that, while they can be perceived as off their best, they top the division.

The other big clash of the day sets Tottenham Hotspur, whose form is still not quite justifying the sums of money spent by manager Terry Venables, against Everton, another big-spending club who have sunk into a mid-season trough of form. If ITV were screening a live match this weekend, one of these two games would doubtless be selected.

But, in fact, potentially the most attractive match of the afternoon, in terms of skill and entertainment, should take place at the City Ground in Nottingham where Forest meets Norwich.

Neither team are likely to win the League but either could be a good bet for one of the cup competitions.

The television bosses claim they can get good audiences only by showing the big-name clubs. But that is partly a question of familiarity. People know the stars of Liverpool because they appear on television so often. If both Norwich and Forest played to their potential and produced say, a 3-3 draw, then those TV viewers who did watch would be hooked. And others would watch the next time the clubs were shown.

It is sad that Norwich have been noticed only for the wrong reasons this season. The latest controversy over indiscipline on the field stems from a fight between Norwich and Arsenal players at Highbury a few weeks ago. That melee looked to be on a lesser scale than many punch-ups in rugby union and American football matches, but it seems that soccer is doomed to this kind of self-searching every season.

There does seem to have been an increase in the disagreeable practice of elbowing opponents in recent years, but football has remarkably few mass brawls for a physical contact sport. Where the authorities have allowed discipline to relax is on the petty side of the game, in particular dissent and time-wasting. There is nothing more annoying to many spectators than to see the referee award a free-kick and then stand-by idly while the ball is booted away by the offending player.

Rugby union punishes dissent by moving the kick 10 yards up-field immediately. But English football is restricted by FIFA from rule changes, and its attempts to crack down on foul play within the existing regulations have run into problems. A referees' clampdown several seasons ago, which led to a sudden jump in the number of players being sent off, was abandoned hastily after the clubs protested.

The latest idea is for clubs to have league points deducted after totting-up a certain number of disciplinary points – one point deducted if the club reaches 90, two if it reaches 150, and so on. This would be in addition to suspending individual players who pass 20 points. The thinking behind this is that such a deterrent would be the only effective way to make clubs keep their players in order; fines of £50,000 and £20,000, such as were imposed on Norwich and Arsenal, represent about the cost of a non-league left-back.

The obvious objection to deducting points like this would be that it was too arbitrary; critics could point to the way Essex lost out on cricket's major title this season because of a 25-point fine over preparation of a poor pitch.

However, teams responsible for repeated breaches of discipline are, effectively, stealing a march on their opponents in the title race. Players who commit reckless fouls are likely either to inflict injuries on opposing players (thus weakening their team's championship challenge) and/or prevent a scoring opportunity (thereby increasing the likelihood of a win or draw for their own side). Points' deduction might simply redress the balance.

Meanwhile, violence off the field continues to cast its long shadow. Today sees the draw for the World Cup with, after much negotiation, England set to play in Sardinia. No-one seems to feel any sense of national shame that a government minister has had to fly to Italy to plead with the football authorities to confine English supporters to a remote island because they are so uncivilised.

The fact that FIFA has given in and seeded the English side is itself a gross injustice to teams with better records such as Sweden and Spain. Perhaps their supporters will heed the lesson and wreck a few Italian bars to ensure their side gets seeded in future tournaments.

There has been a threadbare attempt to justify England's seeding on footballing grounds by citing performances over the past two World Cups. This might stand up were it not for the fact that the criteria for seeding were changed specially for next year's tournament. Britannia no longer rules the waves but, it seems, can waive the rules.

The one consolation for believers in national justice is that England are unlikely to progress any further than the last 16. Manager Robson seems unable to grasp the principle that some serious reshuffling of the team is needed before next summer, and is persisting with the bulk of the side which performed so badly at the European championship finals last year.

Striker Steve Bull looks likely to get a try-out against Yugoslavia at Wembley next Wednesday but the fundamental problem – that England's key players are ageing rapidly – still needs to be resolved. If they had proved successful against world-class opposition in the past, their perseverance might be justified. But it would be better in the long run for youth to get its chance in Italy. The experience would at least boost England's chances for the next competition.

Varsity rugby's big comeback

***John Kitching** previews Tuesday's sold-out clash at Twickenham*

THE VARSITY Match is back: back to high standards, big crowds, excellent players. Tuesday's rugby clash at Twickenham is a sell-out for the second year running, putting it alongside internationals in terms of support and way ahead of the English National Knockout Cup or county final.

So, what has happened this decade to raise interest and excellence drastically from the low ebb of the late 1960s and early 1970s? The answer could be given in one word – post-graduates – although that would not be entirely fair.

Cambridge's best player, Adrian Davies, is an under-graduate reading geography at Robinson College. Another excellent performer, flanker Richard Poole-Jones, is also a genuine under-graduate reading economics at Magdalene. However, two-thirds of the team have first degrees from elsewhere and the same is true at Oxford.

Gone are the days when both the Oxford and Cambridge sides would be composed of under 21-year-olds barely out of secondary school who too often lacked the physical presence in their forwards necessary to tackle the big clubs. This season's Cambridge pack is arguably the team's greatest strength.

It used to be said: "Let Oxford have the Rhodes scholars and Cambridge can take the Welsh." There is still some truth in the saying. Oxford's 15 this year are very much a United Nations team, from Zimbabwe to Australia via the US, and a quarter of the Cambridge team are Welsh.

It is easy to spot the colleges which are perhaps the more sympathetic to the rugby player: at Cambridge they are Magdalene, Robinson and the graduate college Hughes Hall; at Oxford, the former women's colleges of St Anne's and Lady Margaret Hall. The most popular subjects for players are land economy (seven of the Cambridge team) and PPE or law (eight of the Oxford side). The balance of power among the colleges is shifting constantly.

In the 1950s and 1960s, Christ's and Emmanuel at Cambridge were powers in the university, if not the land. Christ's had several internationals on its books regularly and at least one county player could not even progress beyond the college third XV. But Christ's – which, in common with all former men's colleges at Cambridge, is now co-educational – has trouble these days in raising a second XV. At Oxford, the glory days of St Edmund Hall seem long gone, too.

To some extent, the changes are naturally cyclical, but the absence of a sympathetic senior tutor or director of studies, or the presence of one hostile to sport, can have its bearing.

On the playing front, this year's excellent Cambridge side have so far disposed of Cardiff, Bridgend, Richmond and Harlequins (among others) and must start favourites on Tuesday, if only because Oxford have lost a few more games and have had terrible injury problems. The biggest recent blow was the loss of their lock forward, William Stileman, himself a former Cambridge Blue. "Never in my career have I been involved with a side which has suffered such a bad run of injuries," says Oxford vice-captain and Australian international, Troy Coker.

Cambridge have several outstanding players. Adrian Davies and Andrew Booth at half-back are both Wales B internationals while Alan Buzza, the full-back and captain, is an England B player.

In the pack, Simon Holmes has excelled in the back row. He is a flanker in the Andy Robinson mould and proves every week that you do not have to be huge physically to succeed in top-class company.

Oxford are led by Irish and former Australian international fly-half Brian Smith. Among the forwards are Coker and a big South African from Bloemfontein, Willem van der Merwe.

Tuesday's 108th Varsity Match is sponsored for the 14th year by C. T. Bowring, the insurance broker, which is giving £50,000 to each club. (Last year, the figure was £15,000). Over the years the money has been used to instal floodlights, improve club-houses and fund early-season tours, such as this season's successful Oxbridge trip to Australasia.

Bowring can take some of the credit for resurrecting interest in the Varsity Match. When it began sponsorship, crowds at Twickenham had dwindled to below 25,000 compared with attendances of 50,000 in the 1940s.

On Tuesday, the famous old ground will again be packed to the rafters and the two clubs can expect to share about £160,000 from the gate receipts.

Most followers of the game have favourite Varsity rugby stories. One of mine concerns the inspirational qualities of the former Cambridge president, Dr Windsor Lewis. If he was worried about the half-back situation, he would turn up at a Grange Road training session, grab a ball and drop-kick a few goals with his brogues.

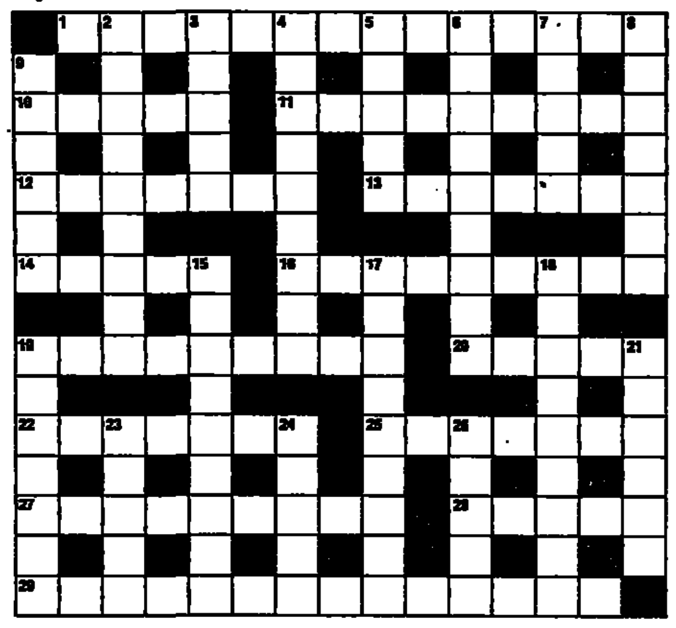
He would then boost flagging confidence by saying: "Oxford were five points up in the first minute of the game. I had to do something – so I got the ball and simply ran the whole length of the field and scored under their posts."

Then there was the freshman playing his first game in the second row against the toughest English club side. The Cambridge captain told him: "The chap you are playing against today is one of the biggest, hardest, meanest forwards in international rugby. What are you going to do?" The freshman replied: "Give him all the line-out ball he wants."

CROSSWORD

No. 7,111 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday December 20, marked Crossword 7,111 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 23.



ACROSS

1 Hardy hero-subject due to change (4,3,7)
10 Covers for animal-skins (5)
11 Inelegant in rude fen-dancing (9)
12 It blocks the way to the labyrinth (3-4)
13 Way to wash clothes greeted wildly (7)
14 Middle-gear selected in India? (5)
16 Possibly inapt lyrics from Australasia (9)
19 Team topic is not the main concern (4-5)
20 Chap to retire as member elected? (5)
22 State messenger (7)
25 In which soldier may carry several rounds (4-3)
27 This speech defect makes light of right (9)
28 Nestling in barn? (5)
29 Execution of Sir Roger de Coverley and others? (7,7)

DOWN

2 Bowler not taking drink in play in Wales (9)
3 Constable's supporter .... (5)
4 ..... pinched old-timer (4-5)
5 Fitted like the quinquereme? O, dear! What a mess! (5)
6 Personal security device for Peter, usin' office-machine? (6-8)
7 Of the bone that is useful, narrow in parts (5)
8 Constant makes boundary shorter (7)
9 Five hundred on nag – calculating the result (6)
15 Tramp has fresh air in tent (9)
17 Belief in one's self as supreme being? (9)
18 Heart-medicine producing finger-nail damage .... (9)
19 ..... varnish he'll put in doctor's bag (7)
21 Bowler needs such a stretch (6)
23 Paul 1 stirred the exotic dish (5)
24 Leg-bone takes a year to become polished (5)
26 Long-suffering philosophy student (5)

Solution to Puzzle No.7,110

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SHANDY COMPOSER
O R O   M R P E
URGENT TIDELESS
P E A A T S N E
CONSTANT SETTER
O T E D R N   V
NEIL LAMENTABLE
  N C N L S A
TEAPARTIES ODER
E   N E A V M E
MASTIC ASSAYING
P W S E E C N R
ELECTORS CASTLE
S L E I   N O S
TOLERANT STONES
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Solution and winners of Puzzle No.7,099

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PUTTER PERISHES
A E T M S N O P
SALACIOUS SCULL
S E H R E T R A
BEVY BOUNDARIES
O I G S C L   H
OBSERVE ERMINE
K E O     E E B
 ADJUST CONSUME
P   N E A T R F
ABANDONING PAIR
L B L T A M L I
LEAVE PORBEAGLE
I S S E Y R I N
DRESSAGE REWARD
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Mr P.S. Bagwell, London N8; Commander C.J. Cooper, Bath, Avon; Mr G.H. Low, Childwall, Liverpool; Mrs R. Stonier, Emsworth, Hants; Mr D.A. Yerrill, Newtonairds, Dumfries.

TELEVISION & RADIO

SATURDAY

†Indicates programme in black and white

BBC1

8:00 am Mersey Tales. 8:05 The New Adventures of Mighty Mouse. 8:20 Chucklevision. 8:35 Thundercats. 9:00 Going Live!. 12:12 pm Weather. 12:15 Grandstand featuring: 12:20 Football; 12:25 Skiing (Men's Downhill Championship from Val d'Isere); 12:45 Racing from Cheltenham; 12:55 News; 1:00 Basketball (Kingston v Manchester Giants for the NatWest Trophy at the Royal Albert Hall); 1:20 Racing from Cheltenham; 1:30 Basketball; 1:55 Racing from Cheltenham; 2:05 Rallycross (Motaquip British Grand Prix); 2:30 Racing from Cheltenham; 2:40 Rallycross; 3:00 Rugby League (The Regal Trophy); 3:55 Football (coverage from Italy of the 1990 World Cup Draw).

5:25 News. 5:35 Regional News. 5:40 Meet the Raisins. 6:00 The Noel Edmonds Saturday Roadshow. 6:45 Bob's Full House. 7:20 Hearts of Gold. 8:00 Film: "The Day of the Jackal" (1973) with Edward Fox. 10:20 News and Sport. 10:35 Match of the Day: The Road to Wembley. 11:45 Film: "Night Games" (1979) with Cindy Pickett and Joanna Cassidy. 1:20-1:25 am Weather.

BBC2

†10:20 am Laurel and Hardy. 10:50 Film: "The Big Money" (1956) with Ian Carmichael, Belinda Lee, Kathleen Harrison and Robert Helpmann. 12:15 pm The Wild Side of Town. 12:40 The Story of English Furniture. 1:05 In The Post. 1:30 Training Dogs the Woodhouse Way. 1:55 The History Man. 2:05 Network East. †2:40 Film: "Bitter Victory" (1957) with Richard Burton. 4:15 Film: "Captain from Castile" (1948) with Tyrone Power, Jean Peters, Cesar Romero and Lee J Cobb. 6:35 Newsview.

7:20 Russian Season (with Radio 3): A performance of Musorgsky's opera "Khovanshchina" by the Vienna State Opera, with Nicolai Ghiaurov as Prince Ivan Khovansky and Paata Burchuladze as Dosifey, and the Vienna Philharmonic Orchestra. 10:25 The Nutt House. 10:50 The Film Club: Lindsay Anderson introduces a film by one of Poland's top directors, Krzysztof Kieslowski. 10:55-12:55 am Film: "Blind Chance" (in Polish with subtitles).

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: Motormouth 2. 11:20 The ITV Chart Show. 12:30 pm A.L.F. 1:00 ITN News, followed by ITV national weather. 1:05 Local news and weather. 1:10 Saint & Greavsie. 1:40 Sportsmasters. 2:10 Snooker (Everest World Matchplay from the Brentwood Centre, Essex). 3:05 Coronation Street. 4:00 World Cup Draw and Results Service. 5:00 ITN News followed by ITV national weather.

5:10 Local news and weather. 5:15 The A-Team. 6:15 Catchphrase. 6:45 Blind Date. 7:35 Beadle's About. 8:05 Frederick Forsyth Presents..."Just Another Secret", with Beau Bridges, Kenneth Cranham and James Faulkner. 10:05 ITN News and Sport followed by ITV national weather. 10:20 Local weather. 10:25 The Dame Edna Experience. 11:15 Snooker (Everest World Matchplay). 12:30 am Tour of Duty. 1:30 Saturday Night at the Movies.

CHANNEL 4

6:00 am Ourselves and Other Animals. 6:30 Just 4 Fun. 7:00 Once Upon a Time...Life. 7:30 International Times - World News. 8:00 Transworld Sport. 9:00 Channel 4 Racing: The Morning Line. 9:25 Sing and Swing. 9:30 Same Difference. 10:00 4 What It's Worth. †10:30 Film: "The Secret Garden" (1949) with Margaret O'Brien. 12:15 pm Cockaboody. 12:25 Dance with Me. 12:55 Channel 4 Racing from Doncaster. †2:50 Film: "Edge of Darkness" (1943) with Errol Flynn.

5:05 Brookside Omnibus. 6:00 A Walk Up Fifth Avenue. 6:30 1992 And All That. 7:30-1:25 am News Summary and Weather, followed by The Mahabharata - Peter Brook's epic film of the centuries-old Indian saga whose title can be translated as 'The Great History of Mankind'.

S4C WALES

As Channel 4 except:
10:00 am Stolen Childhood. 10:30 Hard News. 11:00 A Gardener's Guide. 11:30 4 What It's Worth. 12:00 The Greatest Story. 12:50 Film: "Carrie" (1952) with Laurence Olivier and Jennifer Jones. 6:00 Lobster Comedies. 6:30 The Cosby Show. 7:00 Ar Y Bocs. 7:30 Newyddion. 7:40 Noson I'w Chofio. 8:40 Y Mass Chwarae. 9:30-1:00 am The Mahabharata (part one).

IBA Regions as London except at the following times:

ANGLIA

12:30 pm Batman. 12:30 am Saturday Night at the Movies.

BORDER

12:30 pm The Partridge Family. 5:15 Bullseye. 5:45 Who's The Boss?. 12:30 am Saturday Night at the Movies.

CENTRAL

12:30 pm The Fashion Show. 12:30 am Saturday Night at the Movies.

CHANNEL

12:30 pm Hot Water.

GRAMPIAN

12:30 pm A.L.F. 5:10 Criomagan (Gaelic news for the Highlands and Islands). 12:30 am Saturday Night at the Movies. 1:30 Kojak.

GRANADA

12:30 pm The Partridge Family. 12:30 am Saturday Night at the Movies. 1:30 Kojak.

HTV

12:30 am Saturday Night at the Movies.

SCOTTISH

12:30 pm Batman. 12:30 am Saturday Night at the Movies. 1:30 Peter Ustinov Observes Glasnost and Glamour.

TSW

12:30 pm The South West Week. 2:10 Saturday Sport – Rugby Special: USSR v Cornwall at Redruth, plus coverage of the final frames of this afternoon's session in the World Matchplay Snooker Championship at Brentwood. 5:05 Newsport. 5:10 Jim Henson's Mother Goose Stories. 5:20 Coronation Street. 12:30 pm Saturday Night at the Movies, followed by ITN News Headlines.

TVS

12:30 pm Hot Water. 12:30 am Tour of Duty.

TYNE TEES

12:30 pm The Partridge Family. 5:05 Northern Life: Saturday Special. 12:30 am Saturday Night at the Movies. 1:30 ITN News Headlines. 1:32 Kojak.

ULSTER

12:30 pm The Partridge Family. 12:30 am Saturday Night at the Movies. 1:30 Kojak.

YORKSHIRE

12:30 pm A.L.F. 12:30 am Saturday Night at the Movies. 1:30 ITN News Headlines, followed by Hot Shots.

RADIO

(S) Stereo on FM

RADIO 2

6:05 am David Jacobs. 8:00 Sounds of the 60s with Jimmy Tarbuck. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:00 pm The News Huddlines. 1:30 Sport on 2, including Football, Rugby Union, Rugby League, and Racing from Cheltenham. 6:00 Cinema 2. 6:30 Brain of Sport 89. 7:00 Beat the Record. 7:30 Saturday Night Gala. 9:30 String Sound with the BBC Radio Orchestra. 10:05 Martin Kelner. 12:05 am Night Owls, presented by Dave Gelly. 1:00 Colin Berry presents 'Nightride'. 3:00-4:00 A Little Night Music.

RADIO 3

7:00 am Morning Concert. 8:30 News. 8:35 Pupils of Dvorak: Novak (String Quartet No 1), Suk (String Quartet No 1), played by the Suk Quartet. 9:30 Saturday Review. 1:00 News. 1:05 Italian Baroque Music by J H Kapsberger, Francesco Negri and Sigismondo d'India performed by Nigel Rogers (tenor), Paul O'Dette (chitarrone) and Peter Holman (chamber organ). 1:45 Elgar: BBC Symphony Orchestra conducted by Andrew Davis: Concert overture: Froissart; Symphony No 1. 2:50 From the Festivals 1989: Scharoun Ensemble at the Aldeburgh Festival: Mozart (Horn Quintet in E flat K407), Birtwistle (Clarinet Quintet), Brahms (Serenade No 1). 4:55 Debut: Ju Hee Suh (piano): Mozart (Sonata in G K283), Liszt (Reminiscences de Don Juan). 5:00 Jazz Record Requests.

5:45 Critics' Forum. 6:35 Schubert: Martin Roscoe plays two sonatas: in C, D840, the 'Unfinished', and in A minor, D537. 7:20 "Khovanshchina" (with BBC2), Musorgsky's opera from the Vienna State Opera conducted by Claudio Abbado. 10:30 Studio 3: 'Something Like the Truth', by Dave Dick. 11:05 Outside In: Rabih Abou-Khalil (oud) recorded at Crowley in September. 12:00-12:05 am News.

RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport on 4. 9:30 Breakaway. 10:00 News; Loose Ends (s). 11:00 News; The Week in Westminster. 11:30 Europhile. 12:00 Money Box. 12:25 pm The News Quiz (s).

12:55 Weather. 1:00 News. 1:10 Any Questions?. 2:00 News; Any Answers?. 2:30 Play: "Obeah" by Michele Celeste (s). 4:00 News; Age to Age. 4:30 Science Now. 5:00 Conversation Piece.

5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News; Sports Round-up. 6:25 Citizens (omnibus edition) (s). 7:15 Stop the Week with Robert Robinson. 7:45 Saturday-Night Theatre: "A Very Meticulous Death" by T D Webster (s). 9:30 Music in Mind (s). 9:50 Ten to Ten (s). 9:59 Weather. 10:00 News.

10:15 Open Mind. 10:45 Face to Face. 11:00 Girls Will Be Girls (s). 11:30 Beachcomber...By the Way (s). 12:00-12:30 am News.

SUNDAY

†Indicates programme in black and white

BBC1

8:45 am A Cross to Bear. 9:15 Pilgrimage to Christmas. 10:00 A Life Of Our Own. 10:25 Buongiorno Italia! 10:50 Help Your Child with Maths. 11:05 Hindi Urdu Bol Chaal. 11:30 In the Know. 11:40 Step Up to Wordpower. 12:05 pm See Hear! 12:30 Country File. 1:00 News; On the Record. 2:00 EastEnders.

†3:00 Film: "In Which We Serve" (1942) with John Mills, Noel Coward, Bernard Miles and Celia Johnson. 4:50 Superdogs. 5:30 The Clothes Show. 5:55 The Chronicles of Narnia. 6:25 News. 6:40 Songs Of Praise. 7:15 Film: "Irreconcilable Differences" (1984) with Ryan O'Neal, Shelley Long and Drew Barrymore. 9:05 The Ginger Tree. 10:05 News. 10:20 Everyman. 11:00 Facing Up To AIDS. 11:30 The Sky At Night. 11:55 Network East. 12:25-12:40 am Weather.

BBC2

8:00 am Is That A Fact? 8:15 The Hallo Spencer Show. 8:40 Umbrella. 8:55 Smoggies. 9:15 Corners. 9:30 Visionaries. 9:55 Blue Peter Omnibus. 10:45 Maid Marian and Her Merry Men. 11:10 Boxpops. 11:50 The O Zone. 12:10 pm Reportage Update. †1:00 Film: "Break of Hearts" (1935) with Katharine Hepburn and Charles Boyer. 2:15 Tales From Hoffnung.

2:30 40 Minutes Special. 3:20 Tribute to Vladimir Horowitz (with Radio 3). 5:00 Rugby Special. 6:00 Ski Sunday. 6:25 The Money Programme. 7:15 The Natural World. 8:05 The Cinema of Satyajit Ray. 9:20 Rhythms of the World. 10:10 Film: "St Elmo's Fire" with Emilio Estevez, Rob Lowe, Andrew McCarthy, Demi Moore, Judd Nelson, Ally Sheedy and Mare Winningham. 11:55-12:30 am Behind the Beat Alexander O'Neal Special.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: The Disney Club. 10:45 Link. 11:00 Meditation. 12:00 The Human Factor. 12:30 pm Ski with Klammer. 12:45 Police 5. 12:55 Local news and weather. 1:00 ITN News, followed by national weather. 1:10 Eyewitness. 2:00 McCloud. 2:55 Bullseye. 3:25 Snooker (Everest World Matchplay). 5:35 Sunday Sunday. 6:30 ITN News, followed by National Weather. 6:35 Local news and weather. 6:40 Highway. 7:15 Agatha Christie's A Caribbean Mystery. 9:00 ITN News, followed by ITV National Weather. 9:15 Local wather. 9:20 London's Burning. 10:20 Spitting Image. 10:50 Snooker (Everest World Matchplay). 12:30 am Nabisco Masters Doubles 1989, followed by ITN News headlines.

CHANNEL 4

6:00 am David the Gnome. 6:30 Boy Dominic. 9:00 Dennis. 9:25 Orientations. 10.00 A Week in Politics. 11:00 Pob's Programme. 11:30 The Henderson Kids. 12:00 The Waltons. 1:00 pm Land of the Giants. †2:00 Film: "To Be or Not To Be" (1942) with Carole Lombard and Jack Benny. 13:55 The Lion's Den.

4:00 Art of the Western World. 4:30 Moving Stills. 4:40 Answering Back. 5:25 News Summary and Weather. 5:30 American Football. 6:30 The Wonder Years. 7:00 Skyscraper. 8:00 The Media Show. 9:00 One Hour with Jonathan Ross. 10:00 Hitch on 4: "Marnie" with Tippi Hedren and Sean Connery. 12:30 am American Football. 1:55 The World Games.

S4C WALES

As Channel 4 except:-
1:00 pm Art of the Western World. 1:30 Nasser. 2:30 Film: "The Thrill Of It All" with Doris Day. 4:30 Equinox. 5:30 Moving Stills. 6:40 San Steffan. 7:00 O Bedwar Ban. 7.15 Sam Tan. 7:25 Newyddion. 7:30 Elrian. 8:00 Hel Straeon. 8:30 Dechrau Canu, Dechrau Canmol. 9:00 Wythnos Ym Mywyd. 9:30 Y Duw Byw. 9:35 The Media Show. 10:35 One Hour with Jonathan Ross. 11:35 Cloudwalker.

IBA Regions as London except at the following times:

ANGLIA

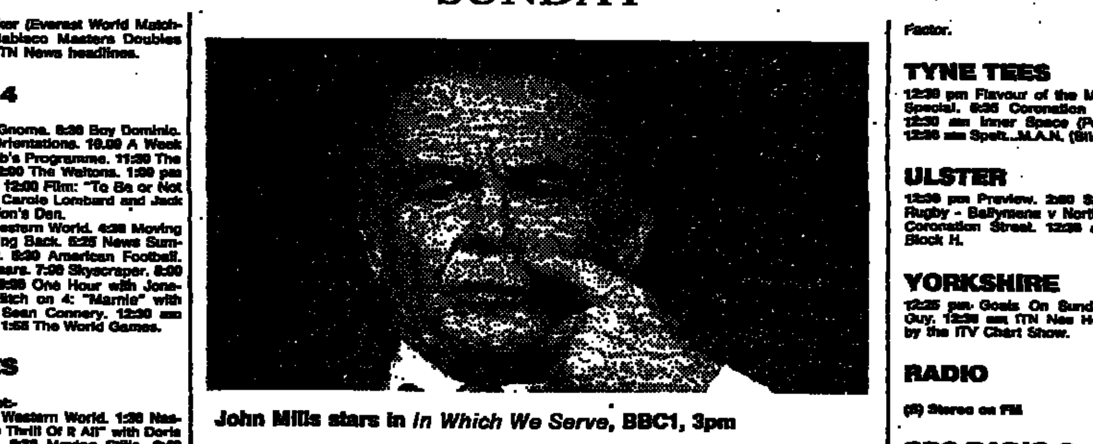
12:30 pm Farming Diary. 2:00 Highway to Heaven. 2:55 Wheel of Fortune. 5:35 Bullseye. 6:05 The Spectacular World of Guinness Records. 12:30 am Hodson Confidential.

BORDER

12:25 pm Perspectives. 2:00 Cover Story. 2:30 Coronation Street (Omnibus edition). 5:35 Scotsport. 12:30 am Prisoner: Cell Block H.

CENTRAL

12:30 pm Here and Now. 2:00 Highway to Heaven. 2:55 Beat and Marsh. 5:35 Bullseye. 6:05 ALF. 12:30 am Prisoner: Cell Block H.



John Mills stars in *In Which We Serve*, BBC1, 3pm

CHANNEL

12:30 pm Reflections. 12:35 Les Français Chez-vous. 12:30 am The Human Factor. 1:00 Nabisco World Doubles Tennis Final.

GRAMPIAN

10:45 am Robostory. 11:15 Jerusalem of Heaven and Earth. 11:45 Link. 12:30 pm Jack Thompson Down Under. 2:00 Selling Scotland. 3:00 A Hole Lot of Trouble. 5:00 Scotsport. 6:00 Bullseye. 12:30 am Prisoner Cell Block H.

GRANADA

12:30 pm This Is Your Right. 12:40 What the MPs Say. 5:35 Coronation Street. 12:30 am Prisoner: Cell Block H.

HTV

12:30 pm Clive's Countryside, followed by Weather for Farmers. 2:00 Film: "Our Family Business" with Sam Wanamaker and Vera Miles. 5:35 Bullseye. 6:05 Who's The Boss?. 12:30 am Prisoner: Cell Block H.
HTV Wales as HTV except:-
12:30-12:58 pm Farming Wales. 2:00 Day Return. 2:30-3:25 The Adventure Series with Anneka Rice.

SCOTTISH

10:45 am Glen Michael's Cartoon Cavalcade. 11:15 Link. 11:30 Canna - An Island Story. 12:30 pm Scottish Supplement. 2:00 Highway to Heaven. 5:00 Scotsport. 6:00 Distant Signals. 12:30 am Film: "The Memory of Eva Ryker" (TV movie) with Natalie Wood.

TSW

12:30 pm Farming News. 2:00 Fisheries News. 2:15 Jim Henson's Mother Goose Stories. 2:25 ALF. 5:35 The Life and Times of Grizzly Adams. 12:30 pm Ellis Island.

TVS

12:30 pm TVS News. 12:35 Agenda. 12:55 TV News and Weather. 12:30 am The Human Factor.

TYNE TEES

12:30 pm Flavour of the Month. 2:55 Soccer Special. 5:35 Coronation Street (omnibus). 12:30 am Inner Space (Pontop area only). 12:35 am Spell...M.A.N. (Bilsdale area only).

ULSTER

12:30 pm Preview. 2:00 Sportsbeat Special: Rugby - Ballymena v North at Ormeau. 5:35 Coronation Street. 12:30 am Prisoner: Cell Block H.

YORKSHIRE

12:25 pm Goals On Sunday. 5:35 The Fall Guy. 12:30 am ITN Nes Headlines, followed by the ITV Chart Show.

RADIO

(S) Stereo on FM

BBC RADIO 2

7:30 am Roger Royle says 'Good Morning Sunday'. 9:05 Melodies for You with Richard Baker. 11:00 Desmond Carrington with Your Radio 2 All-time Greats. 2:00 pm Gilbert and Sullivan: "Utopia Limited" (3:30-3:40 David Mackie takes a look at this popular operetta). 4:45 Los Paraguayos in Concert. 5:05 Charlie Chester.

7:00 Living with Betty. 7:30 Glorious John: a tribute to Sir John Barbirolli. 8:30 Sunday Half Hour. 9:00 Your Hundred Best Tunes. 10:05 Songs from the Shows. 10:45 Gordon Langford at the piano. 11:00 Peter Clayton with 'Sounds of Jazz'. 1:00 am Colin Berry presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 By Appointment. 7:30 News. 7:35 Haydn Originals: Divertimento in C ('Birthday') (Hll 11), Quartet in F minor Op 55 No 2 ('Razor'), Kyrie (Nelson Mass). 8:30 News. 8:35 Your Concert Choice. 10:30 Music Weekly. 11:15 Mahler: Symphony No 5, played by the BBC Philharmonic/Bernhard Klee. 12:40 pm Cello Sonatas: Mischa Maisky (cello) and Pavel Gililov (piano): Beethoven (Op 102 No 2 in D), Shostakovich (in D minor Op 40). 1:40 Poet of the Month: Stephen Romer.

1:45 Chicago Symphony Orchestra with Hakan Hagegard (baritone): Stenhammar (Intermezzo: Sangen Florez och Blanzeflor), Alfven (Skogen sover), Sibelius (incidental music: Kuolema (excerpts); Four Songs). Tubin (Symphony No 4, Sinfonia lirica). 3:20 Vladimir Horowitz (with BBC 2): his 1986 recital in the Great Hall of Moscow Conservatoire when he played Scarlatti, Mozart, Rachmaninov, Scriabin, Schubert, Liszt and Chopin. 5:00 The Image Trade by V S Pritchett. 5:20 Schubert: String Quartet in C D956, played by the Chilingirian Quartet with Alexander Baillie (cello).

6:45 The Nordic Pallas: music from the court of Queen Christina of Sweden by Albrici, Verdier and Benjamin Rogers, and from Rome after her abdication by Stradella and Lonati. 7:30 BBC Symphony Orchestra with Andrei Gavrilov (piano), Ortrun Wenkel (alto), the BBC Singers and BBC Symphony Chorus: John Casken (Orion Over Farne), Ravel (Piano Concerto for the Left Hand), (8:10 'Konstantin Melnikov' by Brian Chatwin), 8:30 Prokofiev (Cantata: Alexander Nevsky).

9:30 Aria and Sonata: Lorraine McAslan (violin) and Nigel Clayton (piano): David Matthews (Aria), Saint-Saens (Sonata No 1). 10:05 Third Ear. 10:30 Andra Advent: Meditation in music, prayers and readings, including traditional and modern Swedish music from Advent and Bach's motet 'Jesu meine Freude' in a liturgical sequence. 11:35 Mendelssohn: Piano Sonata in E Op 6 played by Murray Perahia. 12:00-12:05 am News.

RADIO 4

7:40 am Sunday. 8:50 Appeal by Canon Geoffrey Brown on behalf of St Martin-in-the-Fields annual Christmas appeal. 8:58 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter from America by Alistair Cooke. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand, with Nicholas Comfort. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs: Sir Stephen Spender (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 The Sign of Four (s). 3:30 The Radio Programme. 4:00 Pillars of Society. 4:47 Treasure Islands. 5:00 News; Down Your Way. 5:40 Really Not A Soldier.

5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback: Chris Dunkley airs audience comments and suggestions about BBC programmes and policy. 6:30 Europhile. 7:00 News; Cat's Whiskers (s). 7:30 Bookshelf. 8:00 Ponters. 8:30 Chess in Washington Square, from the novel "Searching for Bobby Fisher" by Fred Waitzkin. 8:50 News; Rich Pickings. 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 The Zero Option. 11:00 In Committee. 11:30 Seeds of Faith (s). 12:00-12:33 am News.